FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

Latin America

ATTENTION!! ATTENTION!! ATTENTION!!

FBIS will phase out publication of most of its paper reports, including ALL Daily Reports and most FBIS Reports, by 31 December 1996.

See inside for information on how to access FBIS products and services electronically.

FBIS-LAT-96-110
Thursday
6 June 1996

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Dear Customer:

Responding to our many customers' requests, NTIS is offering FBIS publications electronically. Due to resource limitations, hardcopy production of FBIS publications will be phased out during 1996. Hardcopy reports will be discontinued according to the following schedule:

1 April	*Arms Control and Proliferation Issues*
1 May	*Environment and World Health*
1 June	*Narcotics*
1 July	*Terrorism*

Hardcopy publication of the regional DAILY REPORTS will cease as follows:

1 August	*China, Latin America*
19 August	*Near East and South Asia, West Europe, Sub-Saharan Africa, West Europe Economic Review*
2 September	*East Asia, East Europe. East Europe Economic Review*
16 September	*Central Eurasia, Central Eurasia Military Affairs, Central Eurasia Economic Review*

FBIS' goal is to cease publication of all hardcopy reports by 31 December 1996 except for S&T PERSPECTIVES, S&T CENTRAL EURASIA, S&T CHINA, S&T KOREA, S&T EUROPE, and S&T JAPAN. The S&T reports will continue to be published as hardcopy until the graphics they contain can be disseminated on-line.

FBIS products are offered electronically through the National Technical Information Service's (NTIS) "World News Connection" (WNC). This is a new on-line subscription service accessible through the World Wide Web. The Web address is http://wnc.fedworld.gov. Please see the next page for a subscription form or call NTIS Fax Direct at 703-487-4140 and enter product code 8645 to receive more information.

World News Connection™

A Foreign News Alert Service from the U.S. Government

World News Connection - WNC1.....**$ 21**
7 Day - Introductory Offer
Unlimited interactive searching
[no profiles]
Order number SUB-9856BDQ

World News Connection - WNC2.....**$ 50**
Monthly
Unlimited interactive searching
[no profiles]
Order number PB95-985700BDQ

World News Connection - WNC3.....**$ 75**
Monthly
Unlimited interactive searching
[1 profile]
Order number PB95-985800BDQ

World News Connection - WNC4.....**$100**
Monthly
Unlimited interactive searching
[up to 5 profiles]
Order number PB95-985900BDQ
(Prices are subject to change)

User Name *(Please Print or Type)*	**Internet E-mail Address** *(Required)*	**Order Number**	**Price**
1) _____	_____	_____	_____
2) _____	_____	_____	_____

(Continue on a blank sheet if more space is required)

Deposit Account Number (for NTIS account customers only): _____

Customer Master Number (if known): _____ **Date:** _____

Contact Name: _____ **Organization:** _____

Street Address: _____ **City:** _____ **State:** _____ **Zip:** _____

Province/Territory: _____ **Country:** _____

Foreign Postal Code: _____

Internet E-mail Address (Organization contact person): _____

Telephone Number: ( ) _____ _____ **Fax Number:** ( ) _____

Credit Card Number: _____

Credit Card Expiration Date: _____

Card Type (Visa, Master Card, or American Express): _____

Cardholder's Name (as printed on the credit card): _____

Cardholder's Signature (required to validate all orders): _____

(Please fax this form back to NTIS at **703-321-8547**. Fax service is available 24 hours a day, 7 days a week.
To verify receipt of your fax, call (703) 487-4679 between 7:00am - 5:00pm, Monday - Friday, Eastern Time.)

Daily Report
Latin America

FBIS-LAT-96-110 *6 June 1996*

CONTENTS

INTER-AMERICAN AFFAIRS

Inter-American Affairs: Ministers Say U.S. Reply 'Hasty' *[NOTIMEX]* 1
Inter-American Affairs: OAS Statement on U.S. Law Viewed *[Panama City TV]* 1
Inter-American Affairs: Guatemalan President on U.S. Reply *[ACAN]* 2
Inter-American Affairs: OAS Approves Talks on Falklands *[EL UNIVERSAL 5 Jun]* 2
Inter-American Affairs: Chile's Insulza on Bolivian Outlet *[LA TERCERA DE LA HORA 5 Jun]* 3

CARIBBEAN

Cuba

Cuba: Russia To Increase Actions Against U.S. Law *[PRENSA LATINA]* 4
Cuba: OAS Resolution Against Helms-Burton Law Praised *[AFP]* 4
Cuba: Commentary Criticizes U.S. 'Hysteria' at OAS Meeting *[Havana Radio]* 5
Cuba: OAS Meeting Seen as 'Political Defeat' for U.S. *[Havana Radio]* 5
Cuba: Castro To Receive Delegation of Spanish Businessmen *[Madrid ABC 5 Jun]* 6
Cuba: R. Castro on 35th Anniversary of Interior Ministry *[Havana TV]* 6
Cuba: Cigar Trademark Counterfeiting Ring Broken Up *[PRENSA LATINA]* 7
Cuba: Efficiency Assemblies To Be Held in Jun, Jul *[Havana Radio]* 7
Cuba: Rice Union Said Not To Provide Workers With Clothes *[Havana Radio]* 7

Haiti

Haiti: Preval To Visit France, Italy, Belgium, Germany *[Port-au-Prince Radio]* 8
Haiti: Former Intelligence Service Director Released *[Port-au-Prince Radio]* 8
Haiti: Chinese Parliamentarians To Visit Parliament *[Port-au-Prince Radio]* 8
Haiti: Ex-Provisional President Responds To Arrest Warrant *[Port-au-Prince Radio]* 9
Haiti: Lower House Votes on National Budget *[Port-au-Prince Radio]* 9

MEXICO

Mexico: Legislators Reject Zedillo Resignation Rumors *[LA JORNADA 4 Jun]* 10
Mexico: 'Antidote' To Counter Helms-Burton Law *[LA JORNADA 31 May]* 11
Mexico: Ortiz, Businessmen on Economic Recovery *[EL FINANCIERO 31 May]* 13
Mexico: Peso Said To Shift From Weak to Strong Position *[EL FINANCIERO 29 May]* 14

CENTRAL AMERICA

El Salvador

El Salvador: Deputies on State of Nation Address *[LA PRENSA GRAFICA 2 Jun]* 16

Nicaragua

Nicaragua: Death of Former Contra 'El Charro' Confirmed *[NOTIMEX]* 16
Nicaragua: Editorial on Death of Former Contra 'El Charro' *[LA TRIBUNA 5 Jun]* 17
Nicaragua: Editorial Views Army, Police Deserve Support *[LA TRIBUNA 4 Jun]* 17

SOUTH AMERICA

Argentina

Argentina: Editorial Refutes Drug Enforcement by Military *[CLARIN 25 May]* 19

Argentina: 'Painted Faces' Uprising Members Sentenced *[NOTICIAS ARGENTINAS]* 19
Argentina: Interior Minister on Press Freedom Criticism *[TELAM]* 20

Bolivia

Bolivia: Supreme Court Chief Asked To Leave Post *[PRESENCIA 31 May]* 20

Brazil

Brazil: Cardoso Views Exchanges in Paris, Geneva *[AGENCIA ESTADO]* 21
Brazil: New Battle Over Tariffs Expected Within WTO *[GAZETA MERCANTIL 3 Jun]* 22
Brazil: Trade Barriers Against Products Assessed *[GAZETA MERCANTIL 28 May]* 23
Brazil: Editorial Views New Criteria for Textile Quotas *[GAZETA MERCANTIL 28 May]* 24
Brazil: Bill To Punish Money Laundering Revealed *[JORNAL DO BRASIL 2 Jun]* 25
Brazil: Planning Minister Outlines 'Essential' Actions *[AGENCIA ESTADO]* 26
Brazil: New Planning Minister Interviewed *[Rio de Janeiro TV]* 26
Brazil: Tasks of Planning Minister Kandir Described *[FOLHA DE SAO PAULO 30 May]* 28
Brazil: Planning Minister Kandir's Background Reported *[JORNAL DO BRASIL 30 May]* 28
Brazil: Cellular Phone Service Operating in Londrina *[AGENCIA ESTADO]* 29
Brazil: States, Municipalities May Contract Foreign Loans *[GAZETA MERCANTIL 29 May]* . 30
Brazil: Carvalho Seen as Economic Measures Coordinator *[JORNAL DO BRASIL 1 Jun]* 30
Brazil: Negative Effects of Economic Policy Noted *[FOLHA DE SAO PAULO 2 Jun]* 31
Brazil: Risks Involved in Stabilization Plan Outlined *[FOLHA DE SAO PAULO 2 Jun]* 32
Brazil: Government Plans To Improve Social Security Reform *[O ESTADO DE SAO PAULO 1 Jun]* 33
Brazil: Government Party Fears Defeat in Mayoral Elections *[O ESTADO DE SAO PAULO 1 Jun]* 33
Brazil: Party Coalitions Split Over Municipal Elections *[O GLOBO 2 Jun]* 34

Chile

Chile: Diplomatic Visits Intended To Raise Profile *[LA TERCERA DE LA HORA 3 Jun]* 35
Chile: Presidency Secretary General Interviewed *[ESTRATEGIA 3 Jun]* 36
Chile: Judge Imposes Amnesty Law in Carmelo Soria Case *[EL MERCURIO 5 Jun]* 37
Chile: PS Leader on New Civilian-Military Relationship *[LA TERCERA DE LA HORA 5 Jun]* 37

Colombia

Colombia: Report Views Possible U.S. Sanctions *[EL TIEMPO 3 Jun]* 38
Colombia: Samper's Lawyer Not Able To Enter Into Sessions *[Santa Fe de Bogota Radio]* ... 39
Colombia: Chamber Head on Lawyer's Exclusion From Debate *[Santa Fe de Bogota Radio]* . 39
Colombia: 'Anti-Samper Attack' in Chamber Debate Viewed *[TIEMPO 4 Jun]* 40
Colombia: Conservatives Announce 'Selective' Opposition *[Santa Fe de Bogota TV]* 41
Colombia: Leadership of Cali Cartel Said To Back Samper *[NOTIMEX]* 41
Colombia: Oversight Organization Urges Trial of Samper *[TIEMPO 2 Jun]* 41
Colombia: Lawmakers on Rubiano Letter to Orejuela Relative *[Santa Fe de Bogota TV]* 42
Colombia: Gaviria Views Demands of Brother's Kidnappers *[ACAN]* 43
Colombia: Combined Police Effort Results in Drug Arrests *[Santa Fe de Bogota Radio]* 43
Colombia: UK Education Minister Pledges Program Support *[EL TIEMPO 4 Jun]* 44

Ecuador

Ecuador: Bucaram Sees Risk of Assassination by Colombians *[Madrid EFE]* 44
Ecuador: Defense Minister Says Peru Not Recognizing DMZ *[Quito Radio]* 45
Ecuador: DP Leader Defends Noncommittal Decision *[HOY 29 May]* 45
Ecuador: 'Paradox' of Coastal Candidates Wooing Sierra Noted *[HOY 29 May]* 46

Ecuador: Historical 'Divisive' Nature of Center Left Noted *[HOY 28 May]* 46
Ecuador: Moncayo Says Forces 'Unconcerned' About Elections *[HOY 29 May]* 47
Ecuador: Pachakutik Noncommittal Discussed *[HOY 29 May]* 48
Ecuador: Nebot, Bucaram on Economic Policies *[EL COMERCIO 28 May]* 48

Paraguay

Paraguay: Oviedo Says Wasmosy Mulled 'Self-Inflicted Coup' *[ULTIMA HORA 5 Jun]* 51
Paraguay: Oviedo Gives Deposition Before Congress *[Asuncion TV]* 52
Paraguay: Preventive Detention of Port Director Ordered *[ULTIMA HORA 4 Jun]* 53

Peru

Peru: Congress Says Fujimori's Reelection Under Study *[EXPRESO 5 Jun]* 54
Peru: Minister, Reserve Bank Head Sign Letter of Intent *[EL COMERCIO 5 Jun]* 54
Peru: Japanese Red Army Suspect Expelled, Escorted Out *[Madrid EFE]* 55

Uruguay

Uruguay: Journalists Ruling Said Threat to Free Expression *[EL OBSERVADOR 27 May]* 55
Uruguay: Argentina Said To Fear Introduction of Muslim Arms *[EL PAIS 30 May]* 55

Inter-American Affairs: Ministers Say U.S. Reply 'Hasty'

PA0606002696 Mexico City NOTIMEX in Spanish 2104 GMT 5 Jun 95

[FBIS Translated Text] Panama City, 5 Jun (NOTIMEX) — The foreign ministers of Chile and Costa Rica today termed as "hasty" the U.S. reaction to the 26th OAS General Assembly resolution against the Helms-Burton law.

Chilean Ambassador Jose Miguel Insulza said: "The U.S. reaction was a bit hasty. One must not mix things. We have no qualms about examining any declaration proposed on the Cuba issue."

Costa Rican Foreign Minister Fernando Naranjo told NOTIMEX: What may have to be challenged is that "it is the Helms-Burton law today, but tomorrow it could be a law passed by the congress of another country."

This past 4 June, 32 of 34 OAS nations sponsored a resolution condemning the extraterritorial nature of the U.S. law and asked the Inter-American Juridical Committee to analyze whether it violates international law.

According to the Chilean foreign minister, the U.S. ambassador to the OAS, Harriet Babbitt, should have accepted that the committee "delivered an impartial, juridical opinion on the issue."

The OAS resolution "is simply asking a committee that specializes in legal affairs to analyze a legislation approved by a country," said the head of Costa Rica's diplomacy.

Naranjo said: "We do not want confrontations or a clash but, rather, understanding and to create the new hemispheric relations we all really want."

His comments alluded to an irate reaction from Ambassador Babbitt, head of the only OAS delegation that rejected the resolution against the Helms-Burton law who accused her allies of assuming an attitude of "diplomatic cowardice."

Babbitt said: "What kind of diplomatic cowardice is this? Aren't certain countries ashamed of denouncing so strongly a domestic law while lacking the moral and political courage to denounce a totalitarian dictatorship?"

Insulza and Naranjo, who were joined by Nicaraguan Foreign Minister Ernesto Leal, downplayed the importance of the absence, during the vote, of 10 of the 32 countries which the morning of 4 June had sponsored the resolution against the U.S. law.

Foreign Minister Leal said "what matters is that the (Latin American) countries had taken a stand of their own." He added: "We the signers stated that this law violates international law because it is a national law with extraterritorial features."

Meanwhile, Insulza stressed the importance of the consensus on the resolution reached by 32 of the 34 nations that attended the debates at the inter-American forum, which will conclude in Panama City on 7 June.

Foreign Minister Insulza said "Chile and the other countries are concerned there might be an effort to hinder their freedom of investment and their economic freedom to negotiate independently with countries they do not deem inappropriate."

The Costa Rican foreign minister added: If the United States says, however, it is an internal law that does not violate international law, then "why not allow the CJI [Inter-American Juridical Committee] to examine and define it?"

Nevertheless, Naranjo said, "if the law violates international law, the United States must understand this and make the necessary corrections."

"We are in a world in which the United States takes the lead in respecting laws and democracy. You cannot speak one way and act another," he said.

Panamanian Foreign Minister Ricardo Alberto Arias also downplayed the absence of delegates from 10 countries during the vote, saying "it all happened at the beginning of the meeting; it is taking a while for all the foreign ministers to arrive."

Meanwhile, Guatemalan Foreign Minister Eduardo Stein announced that it is being said "in the halls" that the United States is going to attempt to promote a resolution condemning human rights violations in Cuba in response to the document that rejected the Helms-Burton law.

Inter-American Affairs: OAS Statement on U.S. Law Viewed

PA0506215396 Panama City Telemetro Television Network in Spanish 1730 GMT 5 Jun 96

[Report by Myrna Ortega; from the "Telemetro Reports" newscast]

[FBIS Translated Text] The OAS 27th General Assembly continued today. The foreign ministers are discussing various important regional and hemispheric matters. The subject of Cuba, however, continues to draw the attention of representatives and delegates at the Atlapa Convention Center in view of the approval yesterday of a Latin American resolution rejecting the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Helms-Burton Law and proposing that the OAS Juridical Committee determine its legality or illegality.

Reactions to the resolution continued this morning. Several foreign ministers commented on the subject. They said that the resolution approved yesterday by 23 countries proposing consulting the OAS Juridical Committee on the validity of the Helms-Burton law, which sanctions countries having commercial ties with Cuba, is not intended to support Fidel Castro's regime.

[Begin Costa Rican Foreign Minister Fernando Naranjo recording] The OAS General Assembly has expressed its opinion on the Helms- Burton law and its extraterritorial effects. It has nothing to do with the Cuban case. These are two different subjects. One is the law and determining whether or not international laws are violated when the congress of one nation issues and promulgates a law that hurts the interests of other states. That is what the Juridical Committee has been asked to do: analyze and interpret the law and give its recommendation. [end recording]

Harriet Babbitt, U.S. Ambassador to the OAS, immediately reacted to the proposal and replied in strong terms, saying that questioning the scope of a law issued against a government that defies international law is a cowardly diplomatic action.

[Begin Babbitt recording] The law is not very broad. We will see if [words indistinct] but it is not applicable to governments, but to some companies [end recording]

Some foreign ministers were surprised at the reaction, which they described as exaggerated, but logical.

[Begin recording] [Chilean Foreign Minister Jose Miguel Insulza] We believe that there is a discrepancy regarding a juridical matter. We believe that the Helms-Burton law violates international laws, both in the region and in the WTO. The United States disagrees with that position, and claims that this is strictly an internal matter. Therefore, in our opinion it is not uncommon to ask the Inter-American Juridical Committee to settle the matter, which is what the resolution says.

[Acting Panamanian Foreign Minister Ricardo Alberto Arias] The rest of the countries in the hemisphere believe that this law could violate international agreements and, therefore, agreed to request the opinion of the Juridical Committee on the technical aspect of that violation. [end recording]

OAS sources said that the Juridical Committee is a consultative body with authority to evaluate the scope of the law, which affects third countries.

Inter-American Affairs: Guatemalan President on U.S. Reply

PA0606015496 Panama City ACAN in Spanish 1935 GMT 5 Jun 96

[FBIS Translated Text] Guatemala City, 5 Jun (ACAN-EFE) — Guatemalan President Alvaro Arzu today termed as "harsh" the United States' reply to the OAS resolution condemning the Helms-Burton law.

"Those are very harsh terms, and (the United States) has its reasons for using them," said Arzu laconically in a news conference in response to a question by ACAN-EFE.

Nevertheless, he said the OAS resolution, called "diplomatic cowardice" by the United States, will not affect the "consolidated" relations between Guatemala and the northern power.

The Guatemalan president reiterated his support to Latin America's and Canada's unanimous condemnation of the U.S. law, which intensifies the economic blockade against the Caribbean island. He said this position is one of "solidarity" rather than an individual position adopted in Panama by the American continent, except the United States.

Guatemalan Deputy Foreign Minister Gabriel Aguilera has said the OAS' position represents inter-America's concern about "legislations that, having an extraterritorial nature, may affect the countries' sovereignty and the development of free trade and investments."

The OAS General Assembly resolution asks the Inter-American Legal Commission to determine whether the Helms-Burton law abides by international laws.

Meanwhile, President Alvaro Arzu stated his government has no plans to establish a trade office in Cuba, and he attributed the reports to "speculations."

"We have not discussed this issue," Arzu said. In a news conference with foreign correspondents last month, he did not rule out the possibility of establishing trade or diplomatic missions in Guatemala and Cuba, respectively.

Inter-American Affairs: OAS Approves Talks on Falklands

PA0506184896 Panama City EL UNIVERSAL in Spanish 5 Jun 96 p A2

[Report by Blas Arrocha]

[FBIS Translated Text] Yesterday, the foreign ministers and delegates of the 34 countries participating in the 26th OAS General Assembly approved a proposal to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

resume negotiations on the issue of sovereignty over the Malvinas Islands.

The proposal for these negotiations was backed by Brazil, Paraguay, and Uruguay.

[Argentine Deputy Foreign Minister Fernando] Petrella indicated that Colombia, Venezuela, Ecuador, Panama, and Antigua and Barbuda gave their support to Argentina for the resumption of those negotiations.

The diplomat said that Great Britain is against the resumption of these negotiations and deplored the fact that the European country is not heeding what the international community has insistently requested.

Nevertheless, Petrella said he is confident Great Britain will reconsider its position and "will be willing to hold the talks that are so necessary."

He said the future of the Malvinas Islands depends on Argentine-British negotiations, and what the OAS assembly is doing is to urge the two parties to hold the negotiations. The Malvinas Islands were occupied by Great Britian in 1883, expelling the people of the islands.

Argentina and Great Britain waged a war in the south Atlantic in 1982 after Argentine troops invaded the islands. Great Britain defeated Argentina and the two nations reestablished diplomatic relations years later, but the two maintain claims over the archipelago.

Inter-American Affairs: Chile's Insulza on Bolivian Outlet

PY0606003296 Santiago LA TERCERA DE LA HORA in Spanish 5 Jun 96 p 9

[Article by Lucia Zamora]

[FBIS Translated Text] On 4 June Chilean Foreign Minister Jose Miguel Insulza reiterated before the 26th OAS General Assembly, being held in Panama, that Chile is determined to discuss new methods of granting access to the sea to Bolivia. He took this opportunity to make it clear, as he had done on previous occasions, that this will happen "if imaginative formulas are applied but without forcing Chile to give up its sovereignty."

Insulza thus replied to his Bolivian counterpart Antonio Aranibar's statement during the session held in the morning of 4 June. In this regard, he told the delegates that "the speech delivered by the Bolivian foreign minister leads me once again to refer to the Chilean position on the issue and the reasons to endorse it."

He pointed out that he had conveyed this position to Aranibar during the summit of the Rio Group and the European Union in April 1996. He noted that they agreed on the need to continue making efforts to outline "a new bilateral instrument that can encompass issues like the use of ports, highways, warehouses, free trade, and investments, among others, on the basis of full respect for the 1904 Treaty."

Insulza also stated that the Chilean Government's effort to promote its relations with Bolivia comply with an Americas policy it has sovereignly adopted, a policy that has already been developed with other countries of the continent. This policy has been adopted irrespective of any requirement or measure by multilateral organizations.

The minister emphatically said that "the process Chile and Bolivia are facing today falls under the exclusive jurisdiction of the two countries, and to the extent that progress is being achieved, we will be able, as partners, to confront the challenges of development and jointly advance the integration process.

In sum, he stressed the steps taken with Bolivia since 1990 to carry out major initiatives in an effort to encourage a permanent relationship.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cuba

Cuba: Russia To Increase Actions Against U.S. Law

PA0506034396 Havana PRENSA LATINA in Spanish 1440 GMT 5 Jun 96

[By Julio A. Machin]

[FBIS Translated Text] Moscow, 5 Jun (PL) — Gennadiy Seleznev, chairman of the Lower Chamber of the Russian parliament (Duma), said in a meeting with his Cuban counterparts today that the state branch will increase its actions against the Helms-Burton law, which seeks to strengthen the United States' economic blockade against the island.

During talks held with a delegation from the Caribbean country, led by Jorge Lezcano, chairman of the Foreign Affairs Committee of the National Assembly (parliament), the host listed a series of initiatives aimed at exerting pressure on the White House so it renders null what was called an anti-Cuban decree. Within the plans, Seleznev revealed that Russia intends to include a resolution condemning the implementation of the Helms-Burton law in the next meeting of the International Interparliamentary Union, to be held in the PRC capital in September 1996.

In addition, consultations will be carried out with Russian ambassadors appointed to Latin American countries and Canada to increase among them the rejection of the legislation due to its extraterritorial nature and violation of international laws, he said.

Furthermore, the talks were used to review the results of the Cuban parliamentary group's visit and the agreements signed at a Duma plenary session. Thus, the rest of the legislators will be brought up to date and will join the campaign [words indistinct] Russian Government on the Helms-Burton law, Aleksandr Dzasokhov, vice chairman of the interparliamentary group, termed it "very positive" and he stressed, above all, Russian Foreign Minister Yevgeniy Primakov's recent visit to Havana.

In his opinion, the Russian foreign minister's visit demonstrated the current high level of relations between the two nations. It also banished all doubts on the definite stabilization of their bilateral ties, he added.

During today's meeting, Seleznev officially announced his trip to Cuba in August. Legislators attending the meeting agreed this reasserts the parliament's friendly position toward the island.

"For the time being, we will show (Washington) the world can trade without it," said Vladimir Lukin, chairman of the Duma's Foreign Relations Committee, in reference to Russia's willingness to strengthen ties with the Caribbean country despite the United States' pressure.

The Cuban delegation, invited here following a declaration from the Russian parliament against the Helms-Burton law, also met with the Cuban Friendship Group, where it received various statements of support.

Likewise, the delegation will hold meetings tomorrow with various parliamentary groups and other work committees within the legislative branch.

Cuba: OAS Resolution Against Helms-Burton Law Praised

PA0506194996 Paris AFP in Spanish 1634 GMT 5 Jun 96

[FBIS Translated Text] Panama City, 5 Jun (AFP) — Today, Cuban Ambassador to Panama Carlos Mas said that the OAS declaration against the Helms-Burton law "is a challenge" to the U.S. attempt to turn the world into "its backyard."

The diplomat said that he was pleased with the decision adopted on Tuesday by the 26th OAS General Assembly, which is meeting in Panama, to approve a resolution asking the OAS Juridical Committee to issue a statement on the validity of the law, which imposes sanctions on countries that trade with Cuba.

Mas told AFP that the OAS has not only voiced "a position that favors Cuba," but that also "challenges a legislation that proposes that the world turn into the backyard of the United States."

In Havana, the Foreign Ministry considered the OAS resolution a "dignified reaction," approved with 23 in favor and one opposed (the United States), which "demonstrates the extent of this country's isolation in its decision to maintain a blockade on the island."

Even though the topic was not included on the agenda of the 26th OAS General Assembly, the U.S. law, which tightens the embargo on Cuba, has garnered the attention of the members in the first days of the assembly.

The Helms-Burton law was ratified last March after Cuban fighter planes downed two small planes of an anti-Castro organization that were overflying Havana's coasts.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cuba: Commentary Criticizes U.S. 'Hysteria' at OAS Meeting

PA0506200096 Havana Radio Rebelde Network in Spanish 1700 GMT 5 Jun 96

[Commentary by Fernando Contreras; from the "National Radio News"]

[FBIS Translated Text] Mrs. Harriet Babbitt has done a big service for Latin America and I would like to thank her for it. As U.S. ambassador to the OAS, I must assume that Mrs. Babbitt is respecting her government's instructions and, thus, that her statements yesterday in Panama cannot be attributed to an outburst of personal arrogance and hysteria but are a true picture of policy. Washington accused the Latin American and Caribbean representatives attending the OAS meeting yesterday of being cowards, of using contemptible procedures, and asked them if they were not ashamed of their behavior.

As in Greek theater, masks fall off at the end of the play. The empire has shown its true face. The simulation and rhetoric of the Miami summit and the political and diplomatic posturings used at times by the official Yankee bureaucracy in its relations with Latin America and the Caribbean have, this time, given way to a brutal, coarse, and shameful arrogance that gathers all the accumulated racism, underestimation, and contempt that the arrogant empire feels for Latin America and the Caribbean.

At the OAS meeting in Panama, Washington gave a brilliant lesson on how it understands the right to have ideas, hold debates, and of democracy. An idea is a universal paradigm if it favors the United States, but if it does not, those who exercise this right are brutally and viciously discredited.

The proposal made by Latin America, the Caribbean, and Canada at the OAS meeting called for the Inter-American Juridical Committee to rule if the Helms-Burton law is in accordance with international law. This triggered Babbitt's arrogant and coarse hysteria. She said it was a flagrant interventionist action. Let us study this:

According to international law and the OAS Charter itself, each country has the sovereign right to dictate laws. The U.S. Congress is sovereign and, thus, can approve any law it wants. However, as the OAS Charter itself points out and international law includes as a cardinal principle, the laws cannot have extraterritorial application. The reason for this is obvious. Imagine a law dictated by our National Assembly that is to be obeyed by Irish, Swedes, and Nigerians in their own country. Only empires dictate such laws. We do not, however, live in the reign of Charles the Fifth. The Helms-Burton law, according to mass charges by the international community, clearly establishes an extraterritorial application and, thus, it is legitimate, sovereign, and legal for the OAS member countries to unanimously decide to ask the Inter- American Juridical Committee to issue a legal and professional report on the legality of the law and if it conforms to international law.

Cuba: OAS Meeting Seen as 'Political Defeat' for U.S.

PA0606044396 Havana Radio Rebelde Network in Spanish 1700 GMT 4 Jun 96

[Commentary by Orlando Contreras; from the "National Radio News"]

[FBIS Translated Text] A seemingly contradictory situation is taking place at the 26th OAS assembly, which is today conducting its second day of sessions in Panama.

Although the Helms-Burton law is not in the agenda, it has captured the attention of the OAS nations' foreign ministers and heads of delegation, being of priority interest for most members.

During the opening session, Mexico, Canada, and the Rio Group, made up of 14 Latin American countries, initiated a diplomatic offensive. They did not only categorically oppose the law, but also proposed asking the Inter-American Legal Committee to determine the legal compatibility of the Yankee law with international law.

Canada opened fire by saying that it will never accept any power dictating where and how it will trade.

Mexican Foreign Secretary Jose Angel Gurria stated that the Helms-Burton law is contrary to international law. Gurria said that societies are demanding that their officials do whatever it takes to defend the sovereignty and full exercise of the freedoms granted by their laws, in view of the possible consequence of the Helms-Burton law.

Yesterday evening, the Mexican proposal was backed by at least 23 countries, and allegedly only two Central American countries questioned it. When questioned by the media, the U.S. delegation said that it had no comment, and so far, it has not spoken at the forum either.

However, there is news of strong pressure from Washington to try to torpedo the widely supported proposal.

Only empires that hear the echo of their own arrogance instead of the voices of the majority act in this way.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The opposition to the Helms-Burton law is a diplomatic and political defeat for Washington that has seldom been seen before. Not only is the law rejected by the international community, but also in the United States, even by many in the Clinton administration itself.

Cuba: Castro To Receive Delegation of Spanish Businessmen

BR0506130596 Madrid ABC in Spanish 5 Jun 96 p 40

[Report by Santiago Aroca: "Cuban Regime Receives Major Delegation of Spanish Businessmen and Criticizes United States"]

[FBIS Translated Text] Miami — In the next few days [Cuban President] Castro will receive a delegation of 50 Spanish businessmen who are already in Havana to discuss the future of investments on the island, Cuban media have reported. Television broadcasts did not say when the meeting would take place, but they did show images of the businessmen conversing with Foreign Trade Minister Cabrisas.

Coinciding with the Spanish businessmen's arrival, a Cuban study center, the International Economy Research Center, published a report stating that Spain was the country with the largest number of companies registered on the island: 82 overall. The second place goes to Panama, with 52 companies.

The Spanish businessmen arrived in Cuba at the same time as the United States announced the imminent coming into force of the Helms-Burton law. The businessmen are visiting the island at the invitation of the Spanish Higher Council of the Chambers of Commerce, Industry and Navigation, and the Cuban Chamber of Commerce, to attend the meeting of the Spanish-Cuban Business Cooperation Committee. On welcoming the Spanish businessmen, Ricardo Cabrisas congratulated "all those who do not yield to imperial and extraterritorial laws," by which he was clearly referring to the United States. The foreign trade minister asked the businessmen to maintain "a dignified attitude vis-a-vis the governments of your country and the EU so as to reject Washington's interference in our trade relations."

According to the report by the International Economy Research Center, Canada, Mexico, Spain, France, and Italy are the main investors in Cuba. Spain has some USD400 million invested in the island, particularly in the tourism sector. Currently 15 Spanish companies are managing 27 hotels. Canada has concentrated its activity in the mining sector, and Mexico in telecommunications.

Economic relations between Cuba and Spain are going through a crisis. Cuba was Spain's main trading partner in Latin America until 1993. Since then, bilateral trade has been decreasing, and now Cuba is only Spain's eighth customer in Latin America. The main obstacle is the difficulty experienced by Spanish companies to recover the debt incurred by Cuba, which adds up to some USD170 million, and which the Havana authorities wish to re-finance.

Cuba: R. Castro on 35th Anniversary of Interior Ministry

PA0606032996 Havana Cubavision Network in Spanish 0000 GMT 5 Jun 96

[Report by Jorge Quevedo Ocampo; from the "NTV" newscast]

[FBIS Translated Text] Army General Raul Castro and the interior minister, Army Corps General Abelardo Colome Ibarra, in Holguin have headed the ceremonies to commemorate the 35th anniversary of the Interior Ministry. The strategy that will be implemented following the conclusion of the sugarcane harvest, for which numerous mobilizations were convened, was announced there.

The 35th anniversary of the creation of the Interior Ministry was celebrated in Holguin today. The ceremony was attended by Army General Raul Castro, minister of the FAR [Revolutionary Armed Forces], as well as by Army Corps General Abelardo Coloma Ibarra from the Interior Ministry.

Speaking to thousands of Holguin residents gathered at the Calixto Garcia Plaza, the role of the Interior Ministry in the defense of the revolution and the protection of citizens was highlighted. During the ceremony, the first secretary of the Cuban Communist Party in the territory, Jorge Luis Sierra Cruz, called on all workers and fighters to make their decisive contribution to the sugarcane harvest, which has made people here tense due to the heavy rains of the last few days.

Following the conclusion of the event and at the request of the people themselves, Raul delivered a speech and recognized the progress the province has made. He has called on Holguin residents to continue working on the harvest and other economic and defense sectors:

[Begin Castro recording] When we started implementing the first phase of the doctrine called war of all the people and when we began building the tunnels, the big ones the Armed Forces built and the smaller ones the people themselves built, we said in this same plaza that if enemy boots invade our country some day, our people

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

would be coming out to fight them from the insides of the earth and destroy them. [applause]

Several years have gone by, and we now have thousands of kilometers of tunnels built to protect our people, something which comes first, troops, and weapons. As part of the preparation of the theater of military operations, all these tunnels, which form part of a whole, also form part of the defensive measures of each territory.

In cities such as Santiago de Cuba, the second largest city in the country, the entire population can fit underground. We are now entering the second phase in which more and deeper tunnels will be built. I believe the municipality of Holguin will be protected by the end of the year.

Do you think someone can come here and take away those sugar mills belonging to the people? [crowd shouts: "No!"] Those new houses the revolution built? [crowd answers: "No!"]

A big hug to you all on behalf of Fidel, Colome, the Interior Ministry, and the Armed Forces. Thank you very much. [applause] [end recording]

Cuba: Cigar Trademark Counterfeiting Ring Broken U[p]

PA0506[1]96 Havana PRENSA LATINA in Spanish 1418 GM[T] 4 Jun 96

[FBIS Translated Text] Havana, 4 Jun (PL) — Official sources reported today that Cuban authorities have broken up a ring of counterfeiters of trademarks of cigars, one of Cuba's main export products.

Following investigations, the police arrested four residents of Ciego de Avila, 480 km east of Havana. They had been selling boxes of fake Havana cigars to foreign tourists for $8 or $10.

The cigars were being made and packaged in clandestine factories with raw material from the town of Cabaiguan, in the central province of Sancti Spiritus, with fake Cohiba, Romeo y Julieta, Montecristo, or Partagas labels.

According to a confession by the arrested persons, published Tuesday by GRANMA, they also acquired cigars in Havana's black market.

During their investigations in Ciego de Avila, the police found hundreds of cigar labels, rings, separators, boxes, and a fretsaw, with which they made new cases.

The accused individuals and other citizens being investigated for allegedly storing and transporting the "impure Havana cigars" to other parts of the country, will be processed, according to GRANMA, with all the rigors of the law for committing an economic crime that also went against the international prestige of the Cuban cigar.

Cuba: Efficiency Assemblies To Be Held in Jun, Jul

PA0606035596 Havana Radio Rebelde Network in Spanish 1700 GMT 3 Jun 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Efficiency assemblies will be held throughout the island in June and July; thus, one of the most important agreements reached during the 17th congress of the CTC [Cuban Workers Federation] will be implemented.

The process is intended basically to establish specific goals for the best use of resources, to improve the economy, and to increase the workers' knowledge of and actions on the economic and technological reality of the production and service centers.

With these assemblies, the labor sector has the opportunity to discuss and approve efficiency goals that will become part of next year's economic plan. The idea may be useful insofar as the meetings are carried out with quality and thoroughness.

The debates will allow compliance with the principle of workers' democratic participation in the basic issues of society.

Cuba: Rice Union Said Not To Provide Workers With Clothes

PA0606044196 Havana Radio Rebelde Network in Spanish 1700 GMT 4 Jun 96

[From the "National Radio News" newscast]

[FBIS Translated Text] The Workers of Granma's rice campaign have done their best due to its importance for the people and the country's economy. Workers were able to overcome the difficult situation and to have the combines ready to carry out the harvest. They were asked to end soil preparation so seeding may take place. Planting is now up-to-date, and the harvest is going well.

Workers have exerted their efforts as usual, but even though workers have been asking for clothes and shoes for a year so they may continue working, the rice union has not provided them. A shortage of money comes to mind first, but this is not the case, because Granma's agro-industrial rice complex has foreign financing that includes $80,000 to solve this problem, but workers have said fertilizers, pesticides, and even air conditioned combines have been bought but no clothes.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

During a telephone conversation, Rice Union Director Miguel Rodriguez Mallea has said the decision to buy clothes has finally been made. What would be better, to meet needs now that adverse opinions are prevalent or to be able to boost production? We should think about this point. Workers should always be first.

Haiti

Haiti: Preval To Visit France, Italy, Belgium, Germany

PA0506231696 Port-au-Prince Radio Metropole in French 1900 GMT 5 Jun 96

[From the "1500 Flash" newscast]

[FBIS Translated Text] Haitian President Rene Preval today will begin a tour of four European countries, France, Italy, Belgium and Germany, that will last until 15 June. The objective of this visit is to strengthen the ties between Haiti and the European Commission as well as with the main member countries of the European Union, which had become the first donor of the Republic of Haiti of 1996.

Preval is scheduled to leave Port-au-Prince this afternoon for Paris accompanied by Foreign Minister Fritz Longchamp, Jean-Eric Derice, minister of planning and external cooperation, and Jean-Edouard Baker, an employers' representative who is president of the Presidential Commission for the Growth and Modernization of the Economy.

Preval will be received by the French foreign minister on 6 June and by French President Jacques Chirac on 7 June. The Haitian head of state will be received at the Vatican on 8 June by Pope John Paul II before traveling to Brussels. In the Belgian capital, the Haitian head of state will have a conversation with the European representatives for humanitarian aid and development on 10 June and the European Commission on 11 June.

Before his trip abroad, the president of the Republic today toured shantytowns of the capital, particularly Cite Soleil and the neighborhood of La Saline.

Haiti: Former Intelligence Service Director Released

PA0506161796 Port-au-Prince Radio Vision 2000 in French 1815 GMT 4 Jun 96

[Monitored in progress]

[FBIS Translated Text] ...by armed individuals. Jean-Claude David, former director of the National Intelligence Service [SIN] was released by his abductors on the night of 3 June in Fontamara. He was interviewed by Saint-Alban Lunel.

[Begin David recording, in Creole] Thank God. The men kidnapped me while I was returning home on Delmas 30. When they approached me, they turned their car toward me and pointed weapons, heavy weapons at me. [Words indistinct] and the men yelled at me: Police! I said that there was no problem and raised my hands. Then, they grabbed me by my back, threw me on the floor, and tied me up. When they tied me up very firmly, taped up my eyes, and put a gag in my mouth, I thought to myself: Is this really the police? Meanwhile, a police patrol was apparently approaching, and I heard them say: The police are coming. Then, I realized that they were not policemen.

They then put me in the car and told me: Do not worry, keep calm, we are going to talk. They closed the doors of the car and told me if... [pauses] I was trembling because I was so afraid, I thought I would die. They told me: Do not worry, we are going to talk; if we wanted to kill you, we would have done so in the car. They told me to keep quiet because they were going to talk with me. For security reasons, I should not tell you what they said and where they took me. Actually, I do not know where they took me, because my eyes were taped shut, but they spent nearly two to three hours driving before arriving there, so they were able to tell me a lot of things. They asked me for many things, which I cannot reveal here for security reasons. Now, I am telling all the people, all our sympathizers, all the FOSEPO [expansion unknown] members, all the members of the service that they can relax because, thank God, I am safe and sound. [end recording]

Haiti: Chinese Parliamentarians To Visit Parliament

PA0506231996 Port-au-Prince Signal FM Radio in Creole 1130 GMT 5 Jun 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] A delegation of Chinese parliamentarians will visit the Haitian Parliament with the objective of reinforcing diplomatic relations between Haiti and the People's Republic of China. The parliamentarians will study the possibility of establishing diplomatic relations with the People's Republic of China. Haiti restored diplomatic relations with Cuba recently and resumed relations with Russia not long ago, last week.

Haitian and Chinese parliamentarians will hold discussions at the Haitian Parliament today, according to a reliable, parliamentary source. The meeting was scheduled to take place on 4 June. The two groups of parliamentarians today will discuss bilateral, diplomatic relations.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Haiti: Ex-Provisional President Responds To Arrest Warrant

PA0506235296 Port-au-Prince Radio Metropole in French 1045 GMT 5 Jun 96

[From "The Morning Newscast"]

[FBIS Translated Text] General Prosper Avril has responded one week after an arrest warrant was issued against him by judicial authorities. That arrest warrant followed the assassination of Policeman Desir Valcourt and the abduction of little Boris Pautynsky.

In a note published on 4 June, the former Haitian provisional president asks for the revocation of the arrest warrant issued against him without just cause or motive so he may live his life in the utmost respect for the law. Prosper Avril demands, quote, that an end be put to this odious campaign aimed at portraying me as an obstacle to the establishment of democracy in Haiti, unquote.

In this statement, Avril has demanded that the authorities respect him and his dignity first as a man and then as a former head of state. Prosper Avril also would like thorough and objective investigations of each case with the help of specialists in order to find and arrest the true killers and the new type of gangsters multiplying in the country, Avril has written. The general also has deplored and condemned the death of the policeman and the abduction of little Boris Pautynsky and Mrs. Georges Dabbas.

Prosper Avril has stated he would like the hostages to be returned safe and sound to their families and has condemned the recent assassination of the mayor of Chansolme, Erla Jean-Francois.

Haiti: Lower House Votes on National Budget

PA0506225496 Port-au-Prince Radio Metropole in French 1900 GMT 5 Jun 96

[From the "1500 Flash" newscast]

[FBIS Translated Text] The lower chamber finally voted on the national budget. The deputies voted on it today, ending the debate that began on 4 June. Most of the parliamentarians approved the document, the distribution of allotments of which was extensively revised.

The budget is set at 11.5 billion gourdes for fiscal year 1995-1996. This fiscal year will end in September.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Mexico: Legislators Reject Zedillo Resignation Rumors

PA0506051596 Mexico City LA JORNADA in Spanish 4 Jun 96 pp 1, 6

[Report by Oscar Camacho Guzman and Ismael Romero]

[FBIS Translated Text] PRI [Institutional Revolutionary Party] legislators yesterday "closed ranks" with President Ernesto Zedillo and "condemned" rumors circulating these past few days on the president's possible resignation. They said that the origin of these rumors is "from interest groups that prospered with public posts," and warned that if they continue opposing the changes they will "unveil" their "faces" to the public.

Meanwhile, Independent Deputy Tonatiuh Bravo pinned down the authors and gave assurances that "they are hard-nosed groups within the economic and social system, whom Carlos Salinas assisted, without ruling out his participation in all of this."

Those who encourage these rumors, he said, "are groups that are within the system, who feel threatened by the changes that are taking place, and who fear losing power. They are groups such as the *cartel* of Salinas governors: Chirinos, Otto, Carrillo, Olea, in which Manuel Bartlett stands out; groups such as the Atlacomulco; economic groups such as *Maseco* and *Iusacell*, which Salinas aided, among others.

Asked about Government Secretary Emilio Chuayfett's possible links to the Atlacomulco Group, Bravo stressed: "I do not have evidence to affirm that the government secretary is involved, but I also believe that if he does not act categorically and openly in favor of the constitutional regime, he could make one believe the opposite."

The independent citizen legislator underscored that to be against the "coupist" attempts that these groups encourage does not mean an endorsement to President Zedillo's policies, but only a support to existing constitutional and institutional ways to settle differences and close the path on those who seek to forcibly remove from a post someone who was elected to it.

He ruled out that the hard-nosed group includes the Army or the Armed Forces.

Likewise, he said that he agrees with Andres Manuel Lopez Obrador, presidential candidate for the Party of the Democratic Revolution, in the belief that there is a conspiracy against Zedillo. He said that he disagreed that this comes from abroad.

"Those behind these coup attempts belong here and are from the country. They are the system's hard-nosed groups, even former President Carlos Salinas is aware of this," Tonatiuh Bravo said.

One can recall that for several days there have been newspaper reports — in a U.S. newspaper, as well — that state as a fact Ernesto Zedillo Ponce de Leon's upcoming resignation. From that point on, versions and commentaries on the affair intensified in political spheres, which PRI legislators spoke against yesterday.

PRI Statement: "For the Defense of the Republic"

In the Chamber of Deputies, 15 PRI legislators released a pronouncement entitled *For the Defense of the Republic*, in which they state that with the country's current push toward full democracy, there are "groups against the majority that are notorious for having benefited from public office, who intend to obstruct the building of a consensus."

The letter of support to the president was instigated by Federal Deputy Cesar Raul Ojeda Zubieta and has the support of Samuel Palma, secretary of the Grand Commission; Jaime Martinez Veloz; Maria Elena Yrizar; Gabino Fernandez; Virginia Betanzos; Jose Carmen Soto; and Maria de la Luz Lima; among others.

The document indicates that "in view of the renewed threats, internal and external, based on strategies to create uncertainty over the immediate fate of the nation, Mexicans know that their strength stems from their struggle to create a democratic and republican regime based on the strict observance of the state of law, in which the defense of representative institutions is vital."

In this regard they expressed their support for President Zedillo, for the state's changes and reforms, electoral reform, and spoke in favor of strengthening the road toward a complete democracy.

"With the spread of news aimed at the president, opponents of change not only want to obstruct the arduous agreement negotiation process, which political parties and civilian organizations have been conducting for several months, but they also want to create a climate of mistrust among citizens and a climate of institutional imbalance in order to promote the return of a superficial, hardened regime.

Senators: Zedillo's Resignation Absurd

The PRI [Institutional Revolutionary Party] senators, meanwhile, also reacted to the echoes and rumors about Zedillo's imminent resignation.

Gustavo Carvajal Moreno said that during the upcoming meeting of the National Political Council [CPN] of the PRI, the party will state its firm support for the president

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

nationwide and will make a call for unity in favor the executive.

Carvajal, a member of the CPN, said these kinds of rumors lack any basis because they are "absurd." He said, "The possibility of removing Zedillo does not even remotely exist. That has not occurred and will never occur in this country."

The PRI senator said that Zedillo has the people's trust and has the institutions on his side.

Likewise, political parties are conducting a political-electoral reform negotiation with the executive branch's support. Private enterprise is working to find an economic solution, also with the president's support. Everyone is working with his support.

That is why to say now that there is going to be a resignation "is absurd," he said.

Carvajal said that to talk about Zedillo's resignation is as "absurd" as saying that there should be a coup d'etat in the United States in order to get the world's economic conditions to change.

The PRI, he said, will call for national unity to support the president's policies.

Both the Senate and the Chamber of Deputies, he said, are firmly committed to supporting the president so that the country can come out ahead.

"I believe that is why the topic is not being discussed — it is so absurd. That lack of discussion is what is fueling the rumors. That is why we have to put an end to it once and for all. There are no possibilities for his resignation; it would be a chaos for the country and the social and political cost would be great," he said.

Meanwhile, PRI Senator Luz Lajous regretted that people continue following this "rumorology" and added that people are paying more attention to the problems and not to the positive aspects of the government.

Mexico: 'Antidote' To Counter Helms-Burton Law

PA0506125596 Mexico City LA JORNADA in Spanish 31 May 96 p 1

[Report by David Aponte, Patricia Munoz, and Ismael Romero — received via Internet]

[FBIS Translated Text] Elements of the antidote law have been concluded within a legal framework that prohibits the implementation of the Helms-Burton law in Mexico, cancels giving information regarding trade operations of Mexican companies to the United States and sanctions companies that take extreme positions, and the possibility that these companies file law suits against U.S. companies in Mexican courts. [sentence as published]

Miguel Angel Gonzalez Felix, legal consultant for the Secretariat of Foreign Relations [SRE], said that now "everything is in the hands of the Union Congress" and in a matter that should be concluded as soon as possible, preferably to be discussed in a special session. "It is something that cannot wait until September," Gonzalez said.

Mexican Ambassador to Washington Jesus Silva Herzog said over the telephone that the U.S. State Department is preparing to send new letters bearing legal consequences to foreign companies that have commercial ties with Havana.

In applying the Helms-Burton law, the United States is claiming "not that right is might, but that might is right," Silva Herzog said.

Interviewed in Tlatelolco, following his consultations with Canada and the United States, Miguel Angel Gonzalez Felix said that the political stage is set for the approval of the internal legislation that will stop the extraterritorial effects of the Helms-Burton law. The Union Congress and businessmen support this concept that is exercising a sovereign act.

This kind of legal framework, such as Canada and Great Britain display in the so-called blocking [preceding word in English] statute, should not "surprise" anyone, since the Helms-Burton law considerably affects Mexico because of its geographic proximity, Gonzalez Felix added.

For example, companies having a lot of business with Cuba are based in Monterrey. Therefore, they could be the object of pressure and petitions for information because of their proximity to the U.S. border. The State Department is going to continue sending letters to Mexican companies. That is why we need an antidote legislation, Gonzalez Felix added.

Ambassador [as published] Gonzalez Felix explained that the basic components of an internal law of that kind would include: A non-compliance with the extraterritorial aspects of the Helms-Burton law; the cancellation of the petition by U.S. judicial officials to give information regarding the trade transactions of Mexican companies; a rejection of the validity of U.S. administrative and judicial actions in Mexican territory; the possibility of trying U.S. companies before Mexican courts; and the application of sanctions against Mexican companies that accept the so-called law for Cuban Liberty and Democratic Solidarity.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The text is not final, but the components are ready. It is a simple law to protect the Mexican Government, government-owned companies, and Mexican private initiatives, Gonzalez Felix added.

Gonzalez Felix added that the SRE is in close contact with the country's businessmen to perfect legal arguments and to keep abreast of the start of legal actions in U.S. courts.

Moreover, Senate sources revealed that the Commerce Secretary had stopped the drafting of a bill against the Helms-Burton law by the office of the SRE and a group of senators, arguing that trade relations with the United States should not be harmed.

The counter-proposal, in that sense, was to resort to NAFTA committees, where such controversies are solved.

Despite this, contacts between legislators and the SRE have not stopped, and it is expected that the proposal agreed upon will be sent to Congress for a special session that will convene in a few weeks to discuss the electoral reform issue.

According to the proposal being studied, Mexican businessmen will be prohibited from giving information to U.S. authorities regarding investments in Cuba. In return, they will have to give this information to the SRE and the PGR [Office of the General Attorney of the Republic] to defend them against the international petitions.

Meanwhile, former Foreign Relations Minister Emilio O. Rabasa said that the Helms-Burton law is "absurd", but the Mexican Government cannot order companies to invest or stop investing in a certain country.

"The government would be violating the freedom of action of those companies, because the government cannot instruct them to obey or disobey the Helms-Burton law. It can protest the principle, in general, but it cannot refer to specific companies, because companies can and should act in a free environment," Rabasa said.

Rabasa, foreign relations secretary from 1970 to 1975, said that we were witnessing the fact that you do not need weapons to coerce or bend the will of other nations. "In the past, arms were used to coerce nations, now, something equally destructive is used: Economic resources," Rabasa said.

The PAN [National Action Party] faction in the Senate issued a statement declaring that if the United States insists on implementing the Helms-Burton law, the governments of Mexico and Canada should consider revising NAFTA.

PAN faction coordinator Gabriel Jimenez Remus said PAN members are drafting a package of initiatives to impede the implementation of the U.S. Helms-Burton law. Jimenez Remus, however, indicated that the purpose is to draft a proposal that has general support, including the support of the Executive Branch.

Internationally, the Mexican Government will resort to the OAS General Assembly meeting that will take place during the first week of June in Panama and to the next Ibero-American Meeting in Chile to censure the extraterritorial aspects of the Helms-Burton law, as part of a multilateral strategy against it.

In this regard, the governments of Mexico and Venezuela have decided to take joint actions against the U.S. law during Mexican Foreign Relations Secretary Jose Angel Gurria's visit to Caracas.

Moreover, Jaime Zabludovsky, deputy secretary of the International Trade Agreements Sections of the Commerce and Industrial Development Secretariat, pointed out that next week meetings will be held between the Mexican producers and their Canadian counterparts to evaluate the results of the consultations with Washington.

"If we feel that the consultative stage has been exhausted, we will request a meeting with the Trade Commission, the highest-level administrative organization in NAFTA, to see if this issue can be resolved at a ministerial level," Zabludovsky said.

Zabludovsky said that at the same time work will continue in different international forums, such as the World Trade Organization (WTO), Rio Group, or the OECD, to "jointly, with other countries, express our concern regarding the implementation of these kinds of measures that violate all the principles of international law."

Moreover, on a national level, work continues to identify companies that have assets in Cuba. At present, 10 Mexican companies that have assets in Cuba have been identified.

Monterrey correspondent David Carrizales reports that the Domos International group has recommended that its telephone company in Cuba, Etecsa, conduct an "exhaustive revision of its legal situation" to protect the assets of that company in Cuba by avoiding dealing with properties confiscated in the past from U.S. citizens.

Hector Cuellar, director of the Monterrey-based communications corporation, pointed out that the company has been in constant communication with the Mexican Government through the SRE and "has expressed its endorsement of the SRE's given position."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

In addition, Ulrich Sanders, public relations director of the Vitro Group, made it clear that contrary to what has been said by some of the media, the corporation does not have any investments in Cuba. Sanders acknowledged, however, that because of a Bancomext [National Foreign Trade Bank of Mexico] "offer," the opening of an industrial plant in Cuba has been studied.

Interviewed at the airport in Mexico City, former Costa Rican President Oscar Arias said that by approving laws such as the Helms-Burton law, U.S. legislators are acting in consideration of the elections, and "not fighting for ideals, convictions, and values." This law is going to "create many enemies for Washington," Arias said.

Mexico: Ortiz, Businessmen on Economic Recovery

PA0506191196 Mexico City EL FINANCIERO in Spanish 31 May 96 p 22

[Report by Lourdes Gonzalez and Leticia Rodriguez — received via Internet]

[FBIS Translated Text] Speaking to business leaders, Finance Secretary Guillermo Ortiz Martinez has said the economic emergency has been left behind and the GDP will register a 5-percent growth in the second quarter of the year.

He also guaranteed that the Federal Government will strengthen actions to promote development and the dynamism of macroeconomic indicators and will turn back the strategies that have bogged down businesses.

For their part, the private sector leaders told him there are some businesses, sectors, and regions that "are making headway and are greatly contributing to the reactivation process," but there are a great majority of companies that are far from receiving the benefits of reactivation, especially in the service, retail sales, and construction sectors.

Ortiz reiterated that fiscal discipline will be maintained, efforts will be made to save the greatest number of businesses, the competitiveness of the exchange rate will be maintained, and the currency will continue to freely float.

During a private meeting held on Wednesday night, in which Hector Larios Santillan (CCE) [Business Coordinating Council] and Carlos Abascal Carranza (Coparmex) [Employers Confederation of the Mexican Republic], among other private sector leaders participated, they said that budgeted expenditures should be made "on time" and that government suppliers should be paid, "among other elements that are important means to reactivate the economy."

Some of the participants disclosed the aforementioned and explained that, among other points, the finance secretary "maintained the position of not promising the moon and the stars" and of not creating false expectations.

It was made clear at the meeting that one of the generators of economic reactivation will undoubtedly be access to credit at adequate rates. It was also proposed that by the end of the year "a good level of the overdue portfolio should be cleared" so as to begin 1997 in better condition and so that this sector can become the driving force of the national economy.

Guillermo Ortiz told the business leaders that foreign investors have regained their confidence in the country and with the recovery of credibility, there should be an increase in the entry of resources and the placement of Mexican securities in the international markets.

Today, he said, we have a competitive exchange market, which should be maintained to prevent a rebound in the interest rates.

In a separate interview, CCE President Hector Larios Santillan admitted that 1996 will not be a year of full economic recovery because, although a 3-percent growth is expected, this is less than half of the drop registered in 1995. Nevertheless, he said the foundations for 1997 will have been laid.

He admitted that the signs of recovery shown by various economic indicators are still not evident in some private sectors, mainly in retail sales and construction, which continues to drop, although at a slower pace.

Larios Santillan agreed with the official estimate that a 5-percent growth in the GDP will be achieved in the second quarter and with this, sales and the construction sector will begin to grow in comparison to the same period in 1995.

He considered that "if there are no interferences outside the economy," beginning in 1997, economic development will resume at rates more than double the population growth.

Given the impossibility that the fiscal reform will be implemented this year, he demanded greater understanding and flexibility from the Finance and Public Credit Secretariat (SHCP) so companies can become up-to-date in their payments.

"We understand the collection problem the SHCP must have," but this should not be resolved with actions that endanger the survival of companies that have strongly been depleted for the past 17 months.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

He reiterated that the tax reform will be a reality next year and meanwhile, efforts must be undertaken to expand the taxpayer base so that the tax rates can be lowered.

This can be done, he said, by granting facilities so that taxpayers can normalize their situation and by bringing those who work in the informal economy into the tax system. He also said the discretionary power of the finance authorities should be eliminated.

In the private meeting with the finance secretary, the businessmen said that although it is important that the macroeconomy be valued, the real economy must be strengthened so that the reactivation will be extended to all sectors and regions.

They also expressed their concern that political disputes and "ambitions of small groups" will endanger the economic progress that has been achieved.

They also stressed the fact that some sectors continue to be "hard hit" by the severe contraction of the domestic market. They said that the decline in retail sales is larger than the drop in industrial production "because in view of the fear of losing their jobs, people stopped buying." The retail trade sector is to begin recovering from a much lower level than the one from which industry has to begin recovering.

Nevertheless, the business leaders acknowledged that wholesale trade has begun to reverse its trend. At the same time, some banks already show a slight recovery in the use of credit cards, showing that a reduction in interest rates has reactivated consumption with credit cards.

They also said the government needs to "culminate the process" of support for the restructuring of overdue portfolios.

"If another step is required, it must be taken, because the largest part has already been done and it would be unwise to stop supporting the process at the last minute; the cost that support for the national financial sector might have in the future is much less than what it has cost so far," they said.

They believe that beginning in the second half of the year, "a part" of the banking system will again play a predominant role to encourage the recovery process through the granting of credits.

Mexico: Peso Said To Shift From Weak to Strong Position

PA0506191896 Mexico City EL FINANCIERO in Spanish 29 May 96 p 5

[Report by Georgina Howard and Isabel Mayoral]

[FBIS Translated Text] In light of controls on the main macroeconomic indicators and the uninterrupted influx of foreign capital, which have strengthened the country's international foreign exchange reserves, the Mexican peso has shifted from "a worrisome, weak position to an uncomfortably strong one."

Foreign exchange market analysts believe it would be advisable in view of the volatility of foreign investments to adjust the exchange rate so as not to discourage exports or favor unnecessary imports.

In that regard, the Secretariat of Public Credit (SHCP) and the Bank of Mexico (Banxico) have stated that the peso's current exchange rate is highly competitive and expect an increase in the flow of foreign resources.

Both the SHCP and Banxico, which is responsible for the country's financial and monetary policy, have warned that "in the improbable case that a strong influx of foreign exchange produces an undesirable and durable increase in the value of the peso, Banxico could begin accumulating reserves."

Based on statistics from the Mexican Securities Exchange, foreign investments increased to $34.583 billion by the end of April, a 24 percent increase compared to the balance by December 1995.

Notwithstanding the government's optimism, Victor Manuel Herrera, of the evaluating firm Standard and Poor's, has recommended caution with regard to the influx of foreign investments to Mexico in recent days. He has said that although they reflect that foreign investors are recovering their confidence in our country, they are still short-term investments.

He ruled out the possibility of incorporating "padlocks" to attract investments. What we should do is to offer more guarantees and longer terms to investors, he has said.

There are capitalists in every area, and we must admit that many times long-term investments do not produce the revolving benefit of the resources deposited in a short-term period, and, therefore, we must seek a floating rate.

In any event, Herrera has said the fact that foreign investments have increased during the past few days after the economic crisis of December 1994 is a very

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

good signal that reflects that foreign investors, although slowly, are recovering their confidence in our country.

According to investigations carried out by EL FINANCIERO, various analysts are worried about the peso's advancement and have not ruled out the possibility of Banxico's open intervention in the markets to prevent an increase in the value of the peso with regard to the current level of 7.38 pesos per dollar. Denis Parisien, an analyst of the IDEA consulting firm in New York, cited by REUTER, has shared that concern.

He has said that "if the peso continues its trend to surpass its current level of 7.38 pesos per dollar, it is quite possible that authorities will have to intervene in order to accumulate reserves."

In an optimistic outlook, Gray Newman, an economist from the research firm James Chapel, has said "this could be the best time to purchase dollars at a very attractive price."

According to sources in the foreign exchange market, the value of the peso with regard to the dollar has increased approximately 16 percent in real terms since January. This has occurred at a time when the dollar has been at its strongest level in the past few years with regard to other strong currencies, like the German mark and the yen.

According to Lehman Brothers, the Mexican peso has experienced one of its best phases during the past six months. This situation has been triggered by a real growth in the economy, a decrease in inflation, and a boom in formal employment after the most drastic falls in the country's modern history.

During an interview for REUTER Financial Television on 9 May, Finance Secretary Guillermo Ortiz said that the peso is still competitive and that a strong influx of foreign exchange is expected, which will strengthen the Mexican currency. He has said that "in the improbable case that a strong influx of foreign exchange produces an undesirable increase in the value of the peso, Banxico could begin accumulating reserves or applying a similar monetary measure."

"Mexico is not experiencing the same problems it faced before the devaluation," according to Damian Fraser, director of the Caspian Research Office. He added that the country should take advantage of the peso's current strength as an instrument to build reserves: "reserves have not significantly increased this year," he has said.

Based on Banxico's official figures, Mexico's net international reserves increased from $1.357 billion on 12 January to $1.669 billion by 24 May.

Mexico has found it politically easy in the past to have a strong peso as it reduces the cost of imports and supports consumers' purchasing power, according to a survey conducted by REUTER. This means President Ernesto Zedillo's government could be tempted again to encourage employment by strengthening the peso before the 1997 legislative elections.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

El Salvador

El Salvador: Deputies on State of Nation Address

PA0506211196 San Salvador LA PRENSA GRAFICA in Spanish 2 Jun 96 p 4a

[FBIS Translated Text] The opposition deputies have reacted differently to President Armando Calderon Sol's state of the nation address; some strongly criticized it, others took him for his word, and still others — the fewest — did not even go to the Blue Room of the Legislative Assembly to hear the speech.

ARENA [Nationalist Republican Alliance] deputies praised the work done by President Calderon Sol in his two years at the helm of the government. ARENA bloc chief Juan Duch Martinez said that the president had proposed in his speech a "crusade for further development in El Salvador." "He has given Salvadorans the guidelines to be followed and the work to be done, in a joint effort, by all of us who are willing to consolidate democracy," Duch underscored.

The ARENA deputy indicated that the situation described by the president in his speech is not easily perceivable by San Salvador residents because most of the benefits have been for people in the interior of the country, where education, health, drinking water, roads, and communications have been improved. The actions, he said "are a basis for improvement in the future."

Duch indicated that the increase in social expenditures and infrastructure proposed by the president will not entail a tax increase or the creation of new taxes. He added that "all the investors, who want to contribute to the process and to the improvement of industrial production and the economy, will have the added benefit of capital goods not being taxed."

Miguel Espinal, Social Christian Renewal Party (PRSC) deputy, described the president's message as "demagogic" and said it only contained "slogans" [previous word in English] and inconsistencies.

"The speech has been totally demagogic... The measures are populist in nature. We will have to see the impact of the measures on society," Espinal emphasized.

Another PRSC deputy, Roberto Edmundo Viera, pointed out that the president had made an unrealistic evaluation of the country's situation and that "the question was: Where will they get the 1 billion colones for infrastructure and social expenditures?"

David Acuna and Jorge Villacorta, deputies of the Unity and Democratic Convergence movements, concurred in "taking the president at his word," although they observed that it is not enough to have good macroecnomic figures when the country's microeconomy is suffering a sustained recession.

Villacorta said that the president had presented contradictory fiscal measures, "We know that there are problems collecting income tax as well as the VAT [value-added tax], because of the economic contraction. Some of those measures can generate fiscal problems because what comes in has to be equated to what is spent," he said.

The FMLN [Farabundo Marti National Liberation Front] Does Not Attend

The FMLN legislative bloc did not attend the ceremony to commemorate President Armando Calderon Sol's second year in office. Deputy Orlando Quinteros said that they did not attend as a sign of their "disapproval for the government's work and corruption."

The FMLN's evaluation, as was rendered by Quinteros, criticizes the increase of poverty, the economic recession, the increase of unemployment rates, the lack of investigation into common crimes committed against the national coffers — according to them — by "certain officials," and the bland attitude toward organized crime.

The leftist deputy asserted: "We are at a moment when all sectors must break the vicious cycle into which the economy has fallen."

Assembly President Deputy Gloria Salguero Gross said it had been an act of "disrespect for democracy" for the FMLN bloc not to attend the session. "They still have not adjusted to the democratic process. We, however, at the Assembly, will help them get on the right path again. They publicly say that they accept democracy but have shown today that they do not agree with it. They should have been present," she criticized.

Salguero also stated that the FMLN's position shows a lack of knowledge with the country's reality because "they have presented a number of incoherent points based on false and manufactured information."

Nicaragua

Nicaragua: Death of Former Contra 'El Charro' Confirmed

PA0606010496 Mexico City NOTIMEX in Spanish 2300 GMT 4 Jun 96

[FBIS Translated Text] Managua, 4 Jun (NOTIMEX) — The Nicaraguan Army today confirmed the death of Ciriaco Palacios, alias "El Charro," one of the main, rearmed leaders in the northern part of the country. The death occurred in Matagalpa Department on 2 June.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

A military source said the former Nicaraguan contra died in a clash between government troops and a criminal band in the sector of Zapote Dudu, Matagalpa Department.

"El Charro's" body was found in the community of El Zapote, Matagalpa jurisdiction, on 4 June a few kilometers from the site of the clash between military members of a special operations commando unit and approximately 40 armed men.

It was said that special Army troops carried out "a surprise attack" against the staff of the rearmed band that had gathered with "30 or 40 men in southeastern Waslala," approximately 200 km north of Managua.

The source added that, in addition to Palacios, Delio Blandon, alias "El Zapoyol," was slain and four "criminals" were injured.

The clash lasted approximately 10 minutes, during which RPG-7 rocket launchers and hand grenades were used, the source stated.

Nicaragua: Editorial on Death of Former Contra 'El Charro'

PA0606004396 Managua LA TRIBUNA in Spanish 5 Jun 96 p A6

[Editorial by Alvaro Cruz Rojas]

[FBIS Translated Text] The news caught us all by surprise. Finally, Ciriaco Palacios, "El Charro," died on 2 June, a victim of the violence he himself had promoted. The Army found him meeting with the rest of his staff, and the rest is history.

The armed violence unleashed by this man, a former contra who was even feared by the other former contras, was undescribable. Many of his former companions were executed by El Charro himself. Many of the former soldiers who had been working the soil also were murdered.

A peace dialogue led to more and more threats to the point that a priest has told me El Charro even reached the point of threatening him.

To say whether killing El Charro was worth it is "difficult." It is difficult because if we follow one of the 10 Christian commandments, "Thou shalt not kill," we would not agree with his killing, but if we go by the popular saying: "He who lives by the sword dies by the sword," the popular saying prevails.

We cannot applaud the death of a human being, but when that human being has inflicted so much damage on his fellow human beings, I do not know whether it is worth defending him, even less when time has shown us he was simply a being who could not be reinserted into civilian life.

I saw "El Charro" only once and was frightened. He had the look of madness about him, and his conversation fluctuated between attaining the legitimate aspiration of peasants and contradictions that I could not understand. Later on, when I learned of his conflicts with the peasants, which he himself claimed to defend, I understood he was nothing more than an obscure criminal who should receive the same treatment he gave his fellow human beings.

We have seen the experience of Jose Angel Talavera's group that has fought tooth and nail to rejoin civilian life. "El Charro" would never have been able to rejoin in that way. I still remember when "El Chacal's" comrades used to tell me they were afraid of "Charro." Fear was all he inspired.

Someone wondered yesterday whether killing him was worth the while. Today I wonder was it worth the while to have him alive and perpetrating so many atrocities? Had he died before, many peasant families would not be grieving over loved ones.

The Army deserves a vote of credibility for this, but it must not rest on its laurels. There are still dozens of armed groups operating in northern Nicaragua and harming the peasants. Those groups also must be annihilated.

Although it is true that this is not a total solution, the current administration and the administration that takes office in January 1997 must take into consideration that the peasants in the north have been neglected for centuries and that those armed movements are the result of that neglect.

"El Chacal's" guerrillas proved this to be true. It is only after they took up arms and met urgent social needs that peace returned to the Quilali area.

With "Charro's" death, the peasants have a respite. It is now up to the government and society to allow them to truly breathe the pure air of peace.

Nicaragua: Editorial Views Army, Police Deserve Support

PA0606005696 Managua LA TRIBUNA in Spanish 4 Jun 96 p A6

[Editorial by Juan Navarro G.: "Support the Army and Police"]

[FBIS Translated Text] Before the electoral process becomes chaos and before we cannot express our sovereign will with the vote in October, something must

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

be done while there is time. Above all, this involves the organizations that have more responsibilities in this important event; that is, the political parties participating in this competition. Their leaders must comprise a united front and give their moral support to the cleanup operations the Army and Police are carrying out against armed bands operating in northern Nicaragua and threatening the elections.

If they all demand honesty in the next elections, it is essential that they adopt clear positions against the factors of violence that lead only to the return of old schemes that not only left serious divisions in society and undermined the national economy but also set us back 30 years. It is necessary to condemn attitudes that preclude the process and threaten the hopes of the vast majorities. Do not allow the immaturity of a few people to foil the civic effort exerted by many Nicaraguans striving to definitely achieve the essence of a civic and democratic life.

I believe it is time to discard opportunistic attitudes and to give a vote of confidence to the Armed Forces, Army and Police, which are proving they are part of Nicaragua's democratic life, which are waging without qualms a frontal war against crime and fulfilling an honorable role due to the demands of a new society and the demands of those who want to carry out their political campaigns without obstacles. This has its own material cost and, above all, human cost, because the life of the soldier, of the officer is also sacrificed for that cause, which is the common cause of our democratic hopes. This action transcends the call of military duty and is part of the framework for that future of peace and institutionalism current times are demanding.

I understand that many find it hard to believe in the 180-degree change of the Army and Police with a past that is hard to eliminate. Nevertheless, as Horace, used to say: "Mistakes were made within and without the walls of Troy." If we demand a rectification but fail to give our vote of confidence, we will eventually achieve little or nothing. It is necessary to have a better vision of our own future, because it is based on this mutual agreement that we will build the Nicaragua we all want, with strict abidance by the law, and civilian power will prevail over military power without minimizing its role within modern society, giving it an appropriate place. If these men risk their lives for this goal, if they have been proving their professionalism and social role, even at the risk of losing their lives, the least we can do, that you can do, is to acknowledge their courage and peacekeeping mission. They deserve our respect and moral support. They are not exactly being welcomed with open arms in the mountains of the north.

To emphasize this issue, every day we talk about the peasants who die in a quasi-barbaric manner in the hands of these criminals. The crimes against children, young people, men, and women are atrocious. No one is respected, and those are the brothers who deserve peace and tranquillity after so many years of suffering and abandonment, even if they must now prepare to vote.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Argentina

Argentina: Editorial Refutes Drug Enforcement by Military

96SM0339A Buenos Aires CLARIN in Spanish 25 May 96 p 16

[Editorial: "The Military Against Drug Trafficking"]

[FBIS Translated Text] Discussion of eventual participation by the Argentine military in the fight against drug trafficking became more lively recently after it was advocated by members of the U.S. Government and Armed Forces who were visiting the country.

These positions form part of a strategic review, recognizing that the drug traffic has become one of the important threats to the security of the United States and to its area of influence. It is acknowledged that the participation of the Armed Forces of the Latin American countries is required in the battle against this crime.

These proposals are not acceptable to members of the Argentine Government and Armed Forces, mainly because the Law of Internal Security, Article 27, expressly forbids the Armed Forces from carrying out internal intelligence tasks in domestic conflicts as well as in the fight against the drug trade.

In addition, the Defense Law establishes that the military can only carry out logistic support missions for the police and security forces in situations of extreme gravity and when the Ministry of Interior requests it and the Council of Internal Security authorizes it.

In operational terms, it seems clear that, while narcotrafficking in our country is a real problem, with a tendency to grow, its magnitude does not justify military intervention. On the contrary, it seems reasonable to continue to rely on the work of the police forces, while adjusting professional means to the challenges of the task.

In addition, from a political point of view, the participation of the Armed Forces in intelligence and internal security operations causes apprehensions because of their past intervention in the nation's political life.

Qualms of another sort have also been expressed, which should not be ignored. One of them, based on the experiences of other countries, is that the participation of the Armed Forces in the fight against the drug traffic can give rise to corruption.

The question raised goes beyond the subject of combating drug trafficking and should be considered in the context of the reinsertion of the Armed Forces in society. For some sectors of the Armed Forces, the definition of an enemy, drug trafficking, and of a mission, combating it, would be seen as a positive element that would contribute to redefining military functions and objectives, and the relationships of military institutions with other republican institutions.

There is also a subsidiary problem, which is the budgetary tightness that the Armed Forces have lived with for several years. According to some, this could be eased if they receive equipment as a result of taking part in activities against the drug traffic.

With regard to the first point, it can be said that the aim of the Armed Forces to reenter society, which has included such important initiatives as recognition of past mistakes, would not benefit from their involvement in intelligence and internal security activities. This would cause natural reactions in civil society, whatever the justification for these preventive and repressive activities.

As to the second point, it seems obvious that the equipment destined for internal objectives would not contribute to improving the capability of the Armed Forces to carry out their priority mission, which is the defense of the nation's borders and the maintenance of the capability to deter any external aggression.

Participation in internal repression against drug trafficking, as has been proposed, would be a step backward and an admission of weakness, rather than of strength, against the scourge.

Argentina: 'Painted Faces' Uprising Members Sentenced

PY0506172096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1802 GMT 4 Jun 96

[FBIS Translated Excerpt] Buenos Aires, 4 Jun (NA) — The courts today sentenced 37 members of the Argentine Coast Guard "Albatros" group, who participated in the "painted faces" military uprising of 3 December 1990, to a six-year prison term.

All the people convicted will remain free, as they spent three years in prison, without any sentence, and were released from jail last year under the so-called "two-by-one" law [involving a 50-percent reduction of prison terms].

Other 19 members of the "Albatros" group were acquitted during the public trial in which the 37 sentences were handed down.

Pursuant to the "two-by-one" law, and bearing in mind that the sentences did not exceed a six-year term, the sentences have already been served.

The 19 members of the "Albatros" group, who were acquitted for "lack of evidence," also spent almost three years in prison until the public trial was held.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The "Albatros" group members participated in the uprising in the port of Buenos Aires under the command of Deputy Prefect Raul de Sagastizabal.

De Sagastizabal, his wife, Alicia Chiesa; Father Luis Moises Jardin; and about 20 "Albatros" group members have sought asylum in Uruguay. In the opinion of the Argentine courts, they are at large. For the Uruguayan authorities, these "Albatros" group members have the status of "exiled people." [passage omitted]

Argentina: Interior Minister on Press Freedom Criticism

PY0606014896 Buenos Aires TELAM in Spanish 0135 GMT 5 Jun 96

[FBIS Translated Text] Buenos Aires, 4 Jun (TELAM) — Interior Minister Carlos Corach today rejected the criticism leveled by the Argentine Association of Newspaper Owners (ADEPA) over alleged freedom of expression violations. He complained that ADEPA does not acknowledge the "unrestricted press freedom" that prevails in Argentina.

Corach described ADEPA's criticism as "extremely unfair." He noted that the declaration released by ADEPA today disagrees with the attitude taken by the current administration. "Without any doubt, unrestricted press freedom has been enjoyed under this administration, more so than under any other administration in modern history."

During a news conference at Government House, the minister said: "I am asking any journalist to honestly tell me if there is no press freedom." During the news conference, he was accompanied by Chief of Cabinet Jorge Rodriguez.

Corach also noted: "Ask any citizen if there is a single newspaper or a single publication that might be described as pro-government and might consider that its press freedom has been curbed or restricted."

ADEPA today released a critical declaration, lashing out at various proposals sent to Congress. In ADEPA's opinion, these proposals undermine the freedom of expression.

Among these violations, ADEPA mentioned an article of the anticorruption bill that proposed sanctions for disseminating the statement of assets of public servants.

Corach expressed surprise over this point. He recounted that, after becoming acquainted with the media's concern over this point, the government decided to remove this article from the bill.

The interior minister emphasized: "When objections were raised against one of the articles three days after the bill was announced, I emphasized that the article to which objections had been raised would be removed from the bill and reviewed."

Corach subsequently expressed his surprise over an allusion to journalists who were the target of acts of violence, an allusion implying that — to a certain extent — the government might be responsible for these acts of violence.

As an example, Corach indicated Channel 13 journalist Enrique Sdrech, who was mentioned in the ADEPA declaration. The interior minister recounted: "Everyone knows that this journalist was, unfortunately, hit by a bullet during a shoot-out with criminals."

The interior minister emphatically noted that we, the government, "prefer excessive press freedom rather than any type of restrictions."

Corach underscored: "This government will never support any bill that curbs press freedom. On many occasions, this government had the civic courage to correct itself after realizing that this press freedom might be jeopardized in the slightest."

The minister ultimately asked the ADEPA board members to admit that the ADEPA declaration's criticism "is unfair." The minister emphasized: "We hope that our ADEPA friends will admit the existence of press freedom in Argentina."

Bolivia

Bolivia: Supreme Court Chief Asked To Leave Post

PY0606025196 La Paz PRESENCIA in Spanish 31 May 96 p 6

[FBIS Translated Text] Sucre (PRESENCIA) — Justice Minister Rene Blattmann has asserted that Supreme Court President Edgar Rosales is exercising his post in violation of the Constitution. He added that in view of this, he has requested that Rosales leave his post because his actions are null and void before the law.

Justice Minister Blattmann reported about the Justice Ministry's official position in this regard during a news conference held yesterday at the Justice Ministry building. During the news conference, Blattmann was in the company of several of his legal advisers.

Blattmann stated: "The constitutional tenure of a magistrate is 10 years, not a single day more and not a single day less. This is what is established in the Constitution. This is not a capricious or personal interpretation."

He added that just as President Gonzalo Sanchez de Lozada cannot remain in his post after 6 August 1997,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

neither can Supreme Court President Edgar Rosales continue being the head of the judicial branch.

Blattmann stated that Rosales' term ended on 19 May and that in compliance with the Constitution, he should have left the post. He added that since Rosales has not complied with this regulation, all of his actions as of that day were null and void in compliance with Article 31 of the Constitution.

He added that a term can be extended primarily when dealing with elected officials.

He insisted that in compliance with Article 117, number 4 of the Constitution and in compliance with Article 51 of the Judicial Organizational Law, "the post of Supreme Court member has a tenure of 10 years. This term, which becomes effective as of the date of installation, cannot be extended."

He added: "Once this 10-year constitutional term has expired, no official communication of termination of duties is necessary because the text of the law is clear and specific."

Blattmann warned: "To continue exercising such duties constitutes an open violation of the Constitution. This conduct is subject to what is described in Article 163, second part, of the Penal Code."

In view of this, if the Supreme Court president does not leave his post, he will be punished by having to perform welfare jobs for six months. The law does not call for imprisonment.

Moreover, Article 31 of the Constitution states: "The actions of those who usurp duties outside their area of competence or their jurisdiction as empowered by the law are null and void."

Blattmann stated that "Article 23 of the Judicial Organizational Law to legitimize an extension of an unconstitutional term in office is not applicable in this case" because it deals with the unjustified abandonment of duties incurred by a public servant "during his term in office."

He explained: "The official who leaves his post at the end of his tenure is not incurring any kind of irresponsibility, whereas an unjustified abandonment of duties implies a voluntary cessation of duties in violation of the law."

Blattmann stated that for many years, judges and magistrates have upheld Article 23 of the Judicial Organizational Law to extend their term in office.

He criticized "this pernicious practice that is completely irrational." He said such a procedure is in open violation of the Constitution because in so doing, judicial officials lose their independence, making them subordinated to the executive or legislative branches.

Brazil

Brazil: Cardoso Views Exchanges in Paris, Geneva

PY0306154596 Sao Paulo AGENCIA ESTADO in Portuguese 1959 GMT 31 May 96

[Report by Ribamar Oliveira]

[FBIS Translated Text] Geneva, 31 May (AE) — President Fernando Henrique Cardoso today attributed the criticism he receives to some sectors that want his administration to fail. He said: "There is a very strange group of people in Brazil." He added: "It seems some people want the administration to fail." Without identifying anyone, Cardoso said he is used to criticism. "Anyone in political life knows these are just trends and that we must not give them too much attention." He added that another "distortion" of Brazilian public opinion is to blame the president of the Republic for everything bad that happens in the country. He said: "This is typical in my country," adding: "There are some subjects in which, legally, the president cannot resolve and cannot interfere."

Cardoso, who today left Geneva, considered "normal" criticism by French intellectuals and students during the debate in which he participated on 29 May in La Sorbonne University about human rights problems in Brazil. He said: "I do the same in Brazil when I disagree with something," adding: "I spoke about the problem of immigrants in France, but that does not mean I am attacking France."

Cardoso believes human rights problems occur everywhere in world, not just in Brazil. "A sign of maturity in Brazil is precisely the understanding of differences of opinion over some subjects. There is a large group of people who understand this and want everything turn out alright," he said in a reference to the debate with French students and intellectuals in which he participated.

Cardoso said he did not see the demonstration staged near the Brazilian consulate in Paris by nongovernment organizations over the violence against landless peasants in Brazil. The demonstrators filled envelopes with soil, addressed to Alvorada Palace, Brasilia, and distributed them among the people.

Trade — Cardoso said that during his talks with French Government officials, he expressed concern over the Brazilian trade balance with Europe, which benefits Europe more. He said: "I urged them to look at the statistics," adding: "Brazil is exporting more

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

industrialized products to the United States and Latin America than to Europe." He said: "Our exports to Europe are stagnant."

During the negotiations with the French administration, Cardoso said he mentioned problems related to coffee and sugar exports to France which are the object of restrictions. He said: "A way to resolve these problems is by discussing them." He added: "With time, they will be settled."

President Cardoso is exerting pressure to get Rio de Janeiro selected as the host for the 2004 Olympic Games. The International Olympic Committee must make a decision by September 1997. Early this morning Cardoso phoned Swiss President Jean-Pascal Delamuraz to ask for his support.

Cardoso also visited Geneva City Hall and the Bodmer Foundation, which houses one of the 10 largest private libraries in the world. He saw a bible edited by Gutenberg — "it is marvelous" he said — the first issue of "Os Lusiadas" by Camoes [famous Portuguese writer 1524-1580], and some old books about Brazil. "There is one about Ruth and Celso Lafer's home town, Araraquara," Cardoso said referring to the first lady and to the Brazilian representative to the WTO. At 1715 local time, Cardoso's plane took off for Brazil.

Brazil: New Battle Over Tariffs Expected Within WTO

PY0406213696 Sao Paulo GAZETA MERCANTIL in Portuguese 3 Jun 96 p A4

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] A new commercial battle will be fought within the next few months by Brazil, the United States, Canada, and the countries willing to accelerate the reduction of import tariffs on products whose taxes were established at the Uruguayan Round of GATT talks, which ended at the beginning of 1994.

The battle "front" [preceding word in English] will be the World Trade Organization (WTO). A red light was illuminated in Itamaraty because Washington has signaled that, at the first WTO ministerial meeting in Singapore in December, it will pressure for a new round of talks over cuts in import tariffs for some sectors, among them chemicals.

Jose Alfredo Graca Lima, chief of the Itamaraty economic department, told this newspaper: "Brazil does not agree. Brazil wants to maintain the timetable established at the Uruguay Round."

Implemented since September 1986, the Uruguay Round is the most complete commercial multilateral negotiation ever held. It lasted seven years. One of its main results was the creation of the WTO, which will complete its second year at the end of 1996.

To commemorate this anniversary, signatory countries (about 120 of them), will send their ministers of commerce, and several delegations, to the Singapore International Convention Center between 9 and 13 December. Some 5,000 hotel reservations are being made in this city. The ministers will evaluate what the WTO has done during the past two years, will discuss what to do with stagnant issues, and will try to promote commercial liberalization.

Brazil is still feeling the effects of the commercial opening that began in 1990, which more than ever exposed Brazilian industry to foreign competition, causing some sectors — like textiles, toys, and shoes — to demand protection measures. Brazil is in no hurry to negotiate new tariff reductions, except for those tariff peaks that can harm some Brazilian exports, like orange juice exports to the United States. This specific case, however, is being discussed within the context of a bilateral review of commerce ordered by Presidents Bill Clinton and Fernando Henrique Cardoso.

Graca Lima said: "We believe the liberalization effort of the Uruguay Round was strong enough. We cannot go beyond the agreement, especially in agriculture and textiles. Any further liberalization effort in some sectors could result in a reconsideration of the Uruguay Round," and Brazil does not want this.

Like the United States, Canada is also in a hurry. Art Eggleton, Canadian Minister for International Commerce, called upon his 33 colleagues at the meeting of the Free-Trade Area of the Americas [FTAA], in Cartagena in March 1996, to form a "common front" to pressure the WTO to accelerate the tariff reductions scheduled in the Uruguay Round timetable. He also wants FTAA countries to progress toward commercial liberalization in Singapore, "beyond Uruguay Round commitments."

The possibility of beginning a new round of commercial negotiations at the first WTO ministerial meeting, which Brazil opposes, has not been ruled out. The agenda of the WTO ministerial meeting has another topic about which the government is concerned: The creation of a work group to discuss relations between international commerce and labor rules (social dumping).

The United States tried to include this topic on the FTAA agenda, in Cartagena, but Foreign Minister Luiz Felipe Lampreia rejected the proposal on the grounds that it was necessary to wait for the WTO meeting in Singapore.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Among the new topics that will be debated are social dumping, investments, government purchases, and competition policies. The ministers will also decide what to do with negotiations that remained stagnant ("unfinished business") [preceding two words in English], especially in the area of services, which "are not doing well," Graca Lima said.

Negotiations on financial services have been delayed, discussions over telecommunications could not be concluded and were postponed for February 1997, while maritime transportation liberalization has met U.S. opposition.

In Singapore, the ministers will give permanent status to a provisional committee that has for two years analyzed relations between commerce and the environment. The topics the group will examine are not yet known, but the most likely ones are the "green stamp" and relations between multilateral environmental agreements and WTO agreements.

In Lausanne (Switzerland), on 1 and 2 July, there will be a preparatory meeting for the ministerial meeting of Singapore. Also in July, in Malaysia, developing countries — among them Brazil — will debate the agenda for the Singapore meeting. Brazil will send Foreign Minister Luiz Felipe Lampreia and Finance Minister Pedro Malan.

Brazil: Trade Barriers Against Products Assessed

PY0406011196 Sao Paulo GAZETA MERCANTIL in Portuguese 28 May 96 p A8

[Report by Livia Ferrari]

[FBIS Translated Text] The iron and steel products that Brazil sells abroad are the main target of the complaints of international competitors. Such products are on top of the list of exports paying anti-dumping or anti-subsidy duties. Of a total of 36 Brazilian exports against which claims have been filed over allegedly unfair commercial practices, 28 are iron and steel products. The others are chemicals, ceramic materials, agricultural equipment, and cotton thread. Cotton thread pays a tax of 7 to 16.6 percent in the EU.

In addition to being the target of the largest number of complaints, steel products pay the highest compensatory surcharges, reaching 142 percent in case of some steel bars. Such high surcharges have put Brazil out of the U.S. market.

These figures have been reported by the National Confederation of Industry (CNI), based on information gathered from Brazilian and foreign enterprises. The results of the investigation show that "commercial defense mechanisms are being frequently used on the international market," said Soraya Saavedra Rosar, of the Foreign Trade Department (Decex) of the CNI.

The United States, followed by Argentina — the main Brazilian commercial partners — have filed the largest number of complaints against Brazilian products. The United States filed 13 lawsuits against Brazil, all of them over iron and steel products paying duties (for a period of up to five years).

NAFTA members have filed 22 lawsuits against Brazilian products. Canada has filed five and Mexico four lawsuits.

The reciprocal case, however, is also true. NAFTA is a bloc against which Brazil has filed a large number of anti-dumping lawsuits. Brazil filed 21 lawsuits against products exported by NAFTA, particularly by the United States. The largest number of products are from the chemical, plastic, and rubber sectors. This number of lawsuits has been surpassed, however, by the number of lawsuits against Asia (especially China), which amount to 22, nine of them in the agricultural industry area and four of them in the textile sector.

Argentina, our most important partner within the Common Market of the South (Mercosur), has filed 10 commercial lawsuis against Brazil, seven of them over iron and steel products. Of this total, six lawsuits are under way, while a final duty has already been established for the others. For its part, Brazil has filed three lawsuits against Mercosur.

The EU has also complained against Brazilian iron and steel products, like steel pegs for mechanical construction. Of the total of five Brazilian products against which the EU has filed lawsuits, however, three involve raw materials for the iron and steel industry, like iron-silica manganese, which have to pay compensatory duties of 70.9 percent.

In addition to this, the EU has threatened to file anti-subsidy lawsuits against Brazilian soybean oil and meal. Canada has also said it would file an anti-dumping lawsuit agasint spiral notebooks exported by Brazil.

The Brazilian Government intends to add a new argument to the commercial negotiations it is holding with the United States. According to the Ministry of Industry, Commerce and Tourism, one of the strategies will be to link the compensation likely to be paid by the United States to Brazil with the lifting of U.S. surcharges imposed on Brazilian products.

This possibilty emerged this week, when the WTO ruled that the United States must modify its legislation governing gasoline imports. The restrictive U.S. laws last

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

year made Brazil abandon the U.S. gasoline market. Under the WTO ruling, the United States has 30 days to modify its laws or pay compensation to Brazil. Such compensation may be honored with the elimination of taxes and commercial barriers on other Brazilian products that, in practice, cannot be sold on the U.S. market, like iron and steel products, which pay surcharges of up to 142 percent, or orange juice concentrate, which pays $467 per tonne.

Brazil: Editorial Views New Criteria for Textile Quotas

PY0506002796 Sao Paulo GAZETA MERCANTIL in Portuguese 28 May 96 p A2

[Editorial: "New Criteria for Textiles"]

[FBIS Translated Text] The federal administration has taken too long to adopt measures to control predatory imports of textiles. When it did, last week, it did not use the most effective instrument to restore the Brazilian industrial competitiveness in this area. In order to bypass the problem, the Industry, Commerce, and Tourism Ministry (MICT) established, through a resolution, quotas that will go into force on 1 June. They refer to importing of raw fabrics as well as synthetic threads and fibers from the PRC, Taiwan, Panama, Hong Kong, and the ROK. It is hoped that this resolution is but an emergency solution and that, later on, the federal administration will replace the quota system for the reviewing of import tariffs for the products that are included in the textile chain.

The recently adopted option has been made easier due to the fact that two large exporters of synthetic fibers to Brazil — the PRC and Taiwan — are not members of the WTO. These two countries have been the ones most harmed by the establishment of quotas. Contrary to what was expected, however, the resolution also included countries that are WTO members and have signed the Textiles and Clothing Accord. The WTO rules do not forbid the establishment of quantitative restrictions to imports, but envision the ritual including bilateral consultations between the exporting and importing countries seeking to reach an agreement allowing the partner subjected to the restrictions to progressively increase its sales.

As a matter of fact, the ROK — for which a quota equivalent to 64.3 percent of what it exported to Brazil from March 1995 until last April was established — plans to start such consultations immediately. According to one of the commercial area representatives, the ROK officials do not believe their country has resorted to any dumping [preceding word in English] practices. They have pointed out that the Brazilian industry's lack of competitiveness is a result of their old-fashioned manufacturing industries.

In addition, the quota system — be they established in kilos or square meters — is hard to control and increases customs bureaucracy. According to WTO principles, this is an unacceptable restriction. As one can see, these issues could fuel a discussion that might become an undesirable dispute, the results of which could be unfavorable to national manufacturers.

A more effective system would be to review tariffs for importing of products of the textile chain — which includes threads, fabrics, and ready-made clothing — as the Brazilian textile area has been requesting. In fact, as a study conducted by the Brazilian Garment Association shows, the tariff structure for synthetic products, which is the quotas' main target, leads to distortions that allow, for example, importing of many finished pieces for prices that are lower than those of the fabrics they are made of.

The import tax for nylon, polyester, lycra, and acrylic fabrics is 70 percent, i.e., the highest protection quota in the country, which surpasses, by far, the WTO standards. The import tax for threads and fibers is 12 percent, which is too low, and import tax for ready-made clothing is no more than 20 percent. These figures indicate an imbalance that must be corrected.

In our opinion, the best criterion would be to review tariffs for threads, fibers, fabrics, and ready-made clothes — as has already been proposed, and adopted, with regard to electroelectronic products. At the same time, a gradual scheme should be instituted for a period of four to five years. According to this scheme, the tariffs would be gradually adjusted until they reach an average level compatible with the realities of the international market.

Therefore, there would be time for the national industry to invest in its adjustment to the most advanced technologies. This should be done within the framework of a broader industrial policy. We are aware of the complexity of the issue, and realize that in a single area, such as that of textiles, the interests of manufacturers of the most varied products can be reason for conflicts. We believe, however, that through dialogue it will be possible to reach an understanding that indeed contemplates all links of the productive chain.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Brazil: Bill To Punish Money Laundering Revealed

PY0506124896 Rio de Janeiro JORNAL DO BRASIL (Business and Finance Supplement) in Portuguese 2 Jun 96 pp 1, 2

[By Ilimar Franco]

[FBIS Translated Text] Brasilia — Determined to strip Brazil of its status of financial haven for drug trafficking, the government will create the Council for Control of Financial Activities. The Council — a superagency linked to the Finance Ministry — will fight money laundering by drug trafficking, arms trafficking, terrorism, and criminal organizations like the animal lottery. The creation of the agency is provided for in a bill — obtained by JORNAL DO BRASIL — that President Fernando Henrique Cardoso will submit to Congress within the next few days.

One of the main topics of the bill, which was jointly designed by specialists of the Central Bank [BC], the Federal Revenue Department, the Federal Police, and the Justice Ministry, provides for a reduction of up to two-thirds of the sentences imposed on accomplices or people involved in money laundering if they spontaneously cooperate with the authorities. Another rule provides for the confiscation of the goods owned by people or enterprises wealthy through ill-gotten money.

For its investigations, the superagency will have access to all banking information requested from public organs (Revenue Department, BC, and Federal Police) and from private banks and financial institutions. This is how the government intends to put an end to one of the main difficulties in the current repression of money laundering: the access to information.

On 31 May, BC President Gustavo Loyola, Finance Minister Pedro Malan, and Justice Minister Nelson Jobim approved the draft law, which has nine chapters and 19 articles. In addition to drug trafficking, the new law will also fight illegal actions by criminal organizations (like the ones led by the animal lottery bankers), terrorists, and arms and ammunition smugglers.

Confiscation

The draft bill establishes — for the first time in Brazil — money laundering as a crime. The bill sets forth that the indicted person, when ordered placed under preventive custody, may not appeal and may not be released on bail, even if it is the first crime committed or if the indicted person has no police record. In addition to the fine, those involved in financial crimes, after being tried and sentenced by the federal courts, will serve a prison sentence of two to five years.

The federal government will confiscate all the goods, rights, and assets acquired through illegal activities. The criminals will also be forbidden to hold any executive, administrative, or managerial post in enterprises or financial institutions for a period equivalent to two times their prison term. The bill sets forth that the funds gathered through the confiscation stemming from drug trafficking will be used for financing drug enforcement programs.

The bill establishes that the enterprises operating as gathering agents, middlemen, and investors of financial resources owned by third parties, in local or foreign currency, and in gold as a financial asset, may be held criminally responsible and will be subject to punishment. The terms of the bill may also apply to enterprises that issue, distribute, negotiate, and operate as middlemen or managers of real estate securities.

The law will also apply to the stock exchanges, the futures market, the insurance companies, the capitalization or supplemental social security institutions, financial institutions, credit card managing enterprises, buyers clubs' managing enterprises, leasing enterprises, and commercial factoring enterprises.

The law will also affect branches, agencies, and foreigners working in those activities in Brazil. The associations sponsoring gambling or lottery games involving money, merchandise, movable or stationary goods, and real estate promotions or transactions, and the individuals and enterprises marketing jewels, precious stones and metals, and art objects and antiquities may also be investigated, and their activities subject to the terms and punishments of the bill.

Limit

The financial enterprises or institutions will identify their clients and will register all transactions above a ceiling to be established by the Council. In the United States, the ceiling is $10,000. Enterprises and institutions will maintain those records for at least five years, a period that may be expanded by the superagency.

The Council for Control of Financial Activities will also have access to all data that it may request from financial institutions and government enterprises or organs, and the courts will establish the period within which the request must be answered. Failure to comply with the rules on the part of the sources of the requested information will entail administrative responsibility, which may be punished by the Council.

Failure to comply with the rules will be punished with a warning, which will be a fine from 1 to 100 percent

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of the value of the operation, or up to 200 percent of the profits, or a fine of up to 200,000 reals, plus a prohibition against occupying the post of manager in the enterprises listed by the bill, and the cancellation of the authorization to operate. The severity of the punishment will depend on the seriousness of the irregularity and on eventual relapses.

Powers

The bill grants superpowers to the Council. Its director general will be nominated by the finance minister and will be designated by the president of the Republic. The members of the Council will be on-duty officials of the Central Bank, of the Securities Commission (CVM), Private Insurance Superintendency (Susep), office of the Finance Ministry Attorney, Federal Revenue Secretariat, Federal Police, and Foreign Ministry.

The Council will also be in charge of reporting the crimes that it detects to the courts. The superagency will, moreover, be charged with proposing mechanisms for cooperation and exchange of information among the various public organs.

Brazil: Planning Minister Outlines 'Essential' Actions

PY0606001396 Sao Paulo AGENCIA ESTADO in Portuguese 2227 GMT 4 Jun 96

[FBIS Translated Text] Brasilia, 4 Jun (AE) — The following are the seven actions Planning Minister Antonio Kandir has described as essential "to break the barriers that are limiting our growth":

1. To expand the country's potential for increasing exports through activities in the private sector. This would be achieved by eliminating both constitutional and nonconstitutional tax constraints, by increasing resources to finance exports (primarily through Finamex-BNDES [Fund for Financing Exports-Bank for Economic and Social Development]); by improving infrastructural facilities (ports, roads, railroads, telecommunications, and power facilities); and by creating a new framework of regulations for privatized areas and establishing clear rules for both suppliers and consumers that would eliminate uncertainties about the future.

2. To increase domestic savings. According to Kandir, foreign savings are welcomed, but they are insufficient and do not give the necessary security to the country. The administration may boost domestic savings by streamlining its deficit and by laying down rules designed to promote private savings.

3. To improve the skills of Brazilian workers and the quality of the people's standard of living through investments in social areas, such as sanitation and housing.

4. To lessen insecurity regarding employment and income. To this end, it would be necessary to reduce economic insecurity. One measure to be taken by the administration is to sharpen its focus on promoting micro and small companies through BNDES.

5. To strengthen the integration of the domestic market, by identifying the specific potential of each region. This will be achieved through a decentralization of actions and through partnerships between state and municipal administrations.

6. To implement an active policy in terms of external integration. Priority will continue to be assigned to regional integration.

7. Dissemination of the Brazil Profit [Lucro Brazil] concept. According to Kandir, it is not enough to talk about the Brazil Cost. Brazil must also promote the advantages and opportunities for profit offered by Brazil compared to other competitors. According to Kandir, Brazil's potential is comparable only to that of two or three countries, over which Brazil has the advantage of counting on a consolidated market economy and an integrated society.

Brazil: New Planning Minister Interviewed

PY0506174596 Rio de Janeiro Rede Globo Television in Portuguese 1030 GMT 5 Jun 96

[Interview with Planning Minister Antonio Kandir by Carlos Monforte in studio in Brasilia, Renato Machado in Rio, and Chico Pinheiro in Sao Paulo — live]

[FBIS Translated Text] [Monforte] Good morning, minister. Let's get right to the point. How will the privatization process — one of the important subjects your ministry deals with — be conducted?

[Kandir] Without a doubt, privatization is an important part of our action. The important thing now is to define well what is more important, essential for our economic growth, which is to privatize infrastructure services and projects. That is, ports, railways, highways, telecommunications, and electricity services. Although it is important to privatize other sectors, this will be our main goal for the time being.

[Monforte] What about money for this?

[Kandir] Well, the ideal thing would be for it to come from the private sector. Let me tell you a good piece of news: Yesterday, I held a meeting with Inter-American Development Bank [IDB] President Carlos Iglesias, who told me that the IDB can help attract foreign investments

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

to Brazil for our domestic private sector which would then be able to participate in the privatization process of infrastructure services.

[Monforte] Does this mean that apart from the $6 billion he is promising for Brazil he is also offering money to help attract foreign investments?

[Kandir] Yes. This means we have two good pieces of news. The IDB has $22 billion to lend us over the next three years. We managed to guarantee at least $6 billion. Of this $6 billion, more than $3 billion will be used to combat poverty. Beside this $6 billion over the next three years, the IDB will help us to attract foreign investments directly from the market for small enterprises in the domestic private sector to invest in infrastructure. This is an operation we agreed to study yesterday and now we will begin to work hard on this.

[Machado] That was good news minister, after [MIT economist] Rudiger Dornbusch had given some bad news. Do you think the real is overvalued?

[Kandir] Look, Dornbusch made a messy analysis of the economy. That is, he attempted to make an analysis to attract everyone's attention. That is the only effect of what he said, which was disregarded by everyone.

[Machado] About the interest rates: We have a fiscal imbalance and high interest rates which is the object of complaint by Sao Paulo businessmen in particular. What can you say about this minister?

[Kandir] There is no doubt that we are living through a transition to consolidate the real. Many problems must yet be resolved. Much has to be done from the point of view of the public accounts. This is why it is very important to deepen the reforms in the field of public administration and social security.

To tell the truth, the real is absolutely consolidated from the point of view of inflation. Now, if deep constitutional reforms are not approved, we will not have enough money for hospitals and schools, and the economy will not grow.

That is, the real continues to be stable but with social tension. Therefore, it is very important to work hard on the public accounts and the constitutional reforms so that we can have not only a stable real but a real with considerable economic growth.

[Pinheiro] You spoke about hospitals. I would like to know your views about the CPMF, Provisional Contribution on Financial Operations, to raise funds for the health sector. Besides, given that you talked about the social aspect, what government measures can we expect in this field?

[Kandir] My personal opinion on the CPMF is more than well known. From a strictly personal point of view, I do not consider the CPMF a good idea. It burdens exporting activities, encourages imports, it is an obstacle for investments, and it affects the interest rates. So I really do not consider it a good idea. This is my personal opinion.

Now, I am new in the administration. I must exchange ideas and follow the orders of the administration. From my point of view, there are better means to raise money, but this is my personal opinion. The position I will assume will obviously be defined by the administration.

[Monforte] Now, regarding a concrete problem: unemployment. How can the Planning Ministry help reduce the social tension caused by unemployment in Brazil?

[Kandir] Look, regarding unemployment, which is really an important subject, much can be done. I would say that one aspect would be to encourage small enterprises. The BNDES [National Bank for Economic and Social Development] has already taken steps toward this direction. Yesterday we managed to have the IDB help us in this. This is an important thing. Another important thing is to encourage sectors that have a strong demand for labor, like tourism and civil construction. There are things that can be done within the Planning Ministry. We will continue encouraging action in the civil construction sector.

[Monforte] How, for example?

[Kandir] Well, I could even give you some details now, but beside the several programs that are being implemented, we are preparing the last details of a new program. Today, after I return from the National Monetary Council meeting in Rio de Janeiro, here in Brasilia I will begin holding a series of technical meetings and perhaps by next week I will be able to announce something important in the field of construction materials which is a very important field since it generates labor in civil construction and remodeling.

By the way, Chico, what is its relation to combating poverty? The reduction of inflation has helped 5 million people surpass the poverty line. It is as if the whole city of Rio de Janeiro has all of a sudden risen above the poverty line.

Therefore much can be done, and the Planning Ministry wants to make a contribution by helping consolidate the real, encourage labor in the civil construction sector, encouraging small companies, and other activities.

[Monforte] Thank you for your presence on our program.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Brazil: Tasks of Planning Minister Kandir Described

PY0406034496 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 May 96 Section 1 p 11

[Commentary by Celso Pinto: "Tasks for Kandir"]

[FBIS Translated Text] Two important ideas that are currently being discussed in the economic area will directly affect the Planning Ministry, which Deputy Antonio Kandir will head: to create a realistic budget and to establish fiscal performance goals.

The federal administration budget is a delicate issue and has been the cause of a great deal of criticism of [former Planning] Minister Jose Serra.

The fact is that the federal administration has been, historically, a piece of fiction. As a result of high inflation rates, the approved budget figures were reduced to ashes, thus granting the federal administration space to maneuver in order to reorganize its expenditures.

The inflation rate has gone down, but this year's budget exaggerated estimated revenues, thus giving origin to disputes and complaints. As there is no way to comply with what has been established, the administration will modify the distribution of resources.

This year's cash expenditures with costs and investments will probably be 50 percent lower than what was established in the budget.

The Planning Ministry says that there has merely been a technical mistake in the projected revenue and that this can be explained by the enormous lapse of time required to calculate the following year's inflation rate. Congress, which votes on the expenditures, as well as the ministries, which end up by not knowing exactly how much they will be able to spend, protest the effects of this miscalculation.

Kandir has been one of those who protested in Congress about the over-estimated revenues.

The economic area is planning to prepare, beginning already next year, a realistic budget. They want to make it so realistic that the federal administration will have to promise to disburse, automatically, the expenditures contemplated in the budget, something that does not occur nowadays.

To this end, it would be necessary to modify some items at the time of drafting the budget. Expenditures on interest, for example, would have to be included among the budgetary expenditures.

The positive result of this would be to have, for the first time in the country's history, a realistic budget, as well as to ensure that the items sanctioned by Congress indeed reflect the prioritization of expenditures.

With a realistic budget, the federal administration will take one step forward and establish goals for the public area's nominal deficit. The great advantage of that would be to make clear to the market the objectives the federal administration wants to achieve. Nevertheless, the federal administration could run the risk of becoming entirely demoralized if it did not comply with the established goals.

The economic area has recently started to take the first steps in this regard. It has been mentioning, insistently, its hopes of reducing the nominal deficit of the GDP from the 7 percent registered last year to 4 to 5 percent this year, while the operational deficit (which discounts the inflation rate) is expected to decrease from the 5 percent of the GDP registered last year to 2.5 percent this year.

What about next year? Francisco Lopes, Central Bank director for monetary policy, says that in theory it would be good to imagine that the country will have in the future a nominal deficit of about 3 percent of the GDP. Some other experts of the economic area, however, doubt that next year's deficit can possibly be that low.

The fact is that Kandir's installation as planning minister will reduce frictions with the economic area as well as promote the idea of having a realistic budget and of establishing limits to the deficit. No one in the Finance Ministry or the Central Bank has regretted Serra's decision to leave the Planning Ministry.

Brazil: Planning Minister Kandir's Background Reported

PY0406033396 Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 May 96 p 3

[Article by Sandra Balbi]

[FBIS Translated Text] Sao Paulo — Deputy Antonio Kandir (PSDB) [Brazilian Social Democracy Party], 42, will finally occupy the seat of minister after having hovered in the backstage of power for 10 years. Kandir was one of the economists who drafted the Collor Plan and the first one to defend the liquidity-shock idea, which resulted in the confiscation of millions of Brazilians' savings passbooks. Before that, however, in 1985, Joao Sayad, planning secretary during the Sarney administration, had called him to Brasilia to help in preparing the Third National Development Plan.

Some of his peers also attribute to him paternity of the constitutional reforms currently under discussion. "Kandir has been the first person in the country to draft a

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

document — the Big Project [Projetao] — proposing reforms to the Constitution," an economist who was also a member of former Finance Minister Zelia Cardoso de Mello's economic team, together with Kandir, said. The Big Project document was drafted when Kandir occupied the Economic Policy Secretariat during Collor's administration. Former President Fernando Collor de Mello often called Kandir a genius. In academic circles, Kandir is deemed a brilliant professional and not dogmatic at all.

With the same forwardness with which he joined former Minister Zelia Cardoso de Mello's team during former President Collor's first 14 months in office, Kandir had helped in drafting the first economic program of the Workers Party a few years before. He voted and campaigned for Luis Inacio Lula da Silva in the second round of the 1989 presidential elections and, the next year, he ended up by occupying the position of former Minister Cardoso de Mello's secretary for economic policy. "He is a well respected macroeconomist who has always circulated in the leftist economic currents," a former colleague, who was also a member of the Finance Ministry in Collor's days, said.

Since leaving the federal administration in 1991, Kandir has been a member of the PSDB, where he has built his political career. His technical profile and the fact that he belongs to a government- supporting party have granted him credentials to replace Jose Serra. Kandir will be in his habitat when he becomes planning minister. "Serra's main advisers have worked with Kandir in the previous administration," a former adviser said.

Kandir, who talks softly and has smooth gestures, is the son of Armenian immigrants, and is known to be gregarious. "He has the capacity of gathering people," a former Finance Ministry colleague said. Entrepreneurs and economists expect from him great changes in the course Serra has established for the Planning Ministry. "Just like Serra, he is concerned about the public debt issue and the rigid way in which the budget is handled," Manuel Pires da Costa, president of the Commodities and Futures Market, said.

As a matter of fact, Serra and Kandir are old friends. In 1983, Kandir was one of Jose Serra's direct assistants in the Economic Planning Secretariat, during Franco Montoro's period as Sao Paulo governor. In 1988, Serra took Kandir to the Brazilian Analysis and Planning Center [Cebrap], which was a nucleus of opposition intellectuals. At that time, Fernando Henrique Cardoso also belonged to Cebrap. Kandir has been obsessed with the prices issue since those days. He graduated in engineering from the Politecnica School of Sao Paulo University. He then received M.A. and Ph.D. degrees from Campinas University. In his doctoral dissertation, entitled "The Dynamics of Inflation," Kandir sought to identify the causes of this scourge that has nearly destroyed the Brazilian economy.

Brazil: Cellular Phone Service Operating in Londrina

PY0306154096 Sao Paulo AGENCIA ESTADO in Portuguese 2152 GMT 31 May 96

[Report by Rogerio Nottoli]

[FBIS Translated Text] Londrina, 30 May (AE) — Ericsson Telecommunications Inc., in partnership with Sercomtel, Londrina Telecommunications Services, today dedicated in Londrina the first mobile digital cellular telephone service in Brazil. The company has invested 2.5 million reals to implement this new technology.

Ericsson Mobile Communications director Nilson Xavier Soares said: "In a few years, cellular telephones will cover the world. This creates the demand for technology to handle new services. There are 22 million users of the digital system in the world. The TDMA [Time Division Multiple Access] IS-136 digital system will coexist perfectly well with the old analog AMPS [expansion unknown] system, because they are compatible."

Ericsson Superintendent Lars Skold, from Sweden, said: "For the same cost, digital cellular telephone systems offers the following main advantages: greater mobility, privacy, security against fraud (clones), identification of the origin of the call, reduced battery consumption, and expansion of new service options — including messages system [indicacao de manssagens na caixa postal], and short messages."

Londrina, which only had 23,000 AMPS (analog) users, already has 1000 digital (TDMA) users, and intends to increase this figure to 8,000 by the end of the year. Nilson added: "Ericsson is launching in Londrina its IS-136 digital cellular telephone. This is a dual system instrument which can use both digital TDMA and analog systems." The telephone will be on the market by mid-June and costs about 800 reals, nearly 200 reals more than a normal phone.

TDMA versus CDMA

Londrina is opening its doors to a global war. There is a great dispute between two mobile digital cellular telephone systems: TDMA versus CDMA. The famous Ericsson and Motorola companies are behind these systems. It is a confrontation in dollars.

Ericsson, which controls 60 percent of the world digital market, bets on the TDMA. It can increase by a factor of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

three the number of voice channels through its division in time. In an analog system each channel corresponds to one user. In this system, which works through the digitalization of a voice signal, each channel can be used by at least three users at a time.

Its great rival, Motorola, uses CDMA. This is different from the TDMA in that it transforms voice signals into a code, increasing the amount of users on one frequency by up to 7 times.

While TDMA is already used commercially in the United States, Eastern Europe, part of eastern Asia, and now Brazil, its direct competitor, the CDMA is used only in Hong Kong commercially, and is being tested in Los Angeles.

Brazil: States, Municipalities May Contract Foreign Loans

PY0406011796 Sao Paulo GAZETA MERCANTIL in Portuguese 29 May 96 p B2

[Report by Doca de Oliveira]

[FBIS Translated Text] Brazilian state and municipal governments may, as of now, contract foreign loans to amortize their domestic debts. The risks of those operations, according to Resolution No. 2280 released by the Central Bank (BC) on 28 May, will be assumed by the creditor. The federal government will not guarantee the loans. This detail will be a contract clause.

The BC authorized the contracting of foreign loans to allow state and municipal governments — and also the Federal District — to refinance their debts, beginning with the loans that must be repaid over the shortest period and at the highest price.

The resolution sets forth that the funds contracted abroad (including principal and interest) must be deposited in accounts for feeding budget allocations, opened in federal institutions that will monitor the use of the funds. Through this method, the BC wants to prevent state and municipal governments from using the money for purposes other than the refinancing of existing debts.

The BC has made an exception only in the case of the state and municipal governments with a "rating" [preceding word in English] equal or above the federal government's rating by at least two international risk evaluation agencies.

The BC also established that creditors must be institutions that already have commercial relations with Brazil, or with a rating equal to or higher than BBB by international risk evaluation agencies.

The BC resolution did not resolve the situation of state and municipal governments willing to contract foreign loans to finance domestic projects. The BC authorized foreign credit operations only for the refinancing of existing debts.

Many state and municipal governments are considering the possibility of contracting foreign loans as a cheaper source than the traditional Budget Advances (ARO). However, state and municipal governments may not increase their domestic debt through new investments until 1999. In the past, they could only gather funds for making payments ordered by the courts, according to Article 5 of Constitutional Amendment No. 3.

The states of Alagoas and Rondonia submitted for consideration of the BC an operation for conversion into bonds of the taxes that those states must receive through the State Participation Fund (FPE). The taxes will yield $310 million in Eurobonds, and the operation will be coordinated by Cambridge Partners, in partnership with the French bank Societe Generale. According to bank representative Eladio Canaes, the BC will approve the operation this week. "We managed to outline an economic engineering process for resolving the problem of the restrictions imposed by the monetary authority," Canaes said.

Brazil: Carvalho Seen as Economic Measures Coordinator

PY0506035696 Rio de Janeiro JORNAL DO BRASIL in Portuguese 1 Jun 96 p 17

[From the Economic Report column by Guilherme Barros: "Clovis Again Coordinates the Economy"]

[FBIS Translated Text] Finance Minister Pedro Malan was not the only one to triumph with the arrival of Antonio Kandir in the Planning Ministry. It could be said that Civilian Household Chief Clovis Carvalho is another one who also won with the cabinet appointment made by President Fernando Henrique Cardoso. With Kandir as minister, Carvalho will probably resume his job as coordinator of the government economic team, an attribution that he lost in the past few months.

Since the implementation of the Real Plan, Clovis Carvalho always played the role of coordinator of the decisions made by the economic team. For example, provisional measures were always concentrated in his hands. It is in his office that the famous Monday afternoon meetings among the economic policy formulators take place. Such meetings are always attended by Finance Minister Pedro Malan and his advisers Jose Roberto Mendonca de Barros and Pedro Parente; Central Bank

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[BC] President Gustavo Loyola and BC Directors Francisco Lopes and Gustavo Franco; and Planning Ministry Executive Secretary Andrea Calabi.

Minister Jose Serra, who used to attend the meetings at the beginning, stopped going after permanent disagreements with Gustavo Franco. The main reason for those disagreements was the exchange rate policy. As is known, Serra wanted a more flexible exchange rate, exactly the opposite of what Franco upholds. As result of those disagreements, the economic team had lost unity. Furthermore, its actions were uncoordinated.

Next Monday the economic team expects to count on the presence of Antonio Kandir at the economic situation meeting, which is called Economic Policy Chamber. "The meeting will regain its efficiency," said one of its members. "The economic team will again speak the same language."

Brazil: Negative Effects of Economic Policy Noted

PY0506020896 Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Jun 96 Section 2 p 4

[From the "Insight Into the Economy" column by Aloysio Biondi: "Brazil, Cornered by Fernando Henrique Cardoso's Government"]

[FBIS Translated Text] Recessions aggravate, destroying full industrial sectors and making some more million Brazilians lose their jobs. This is the promise the president and his team reiterated a few days ago.

The Cardoso government tragically insists on an economic policy that is a blind alley, returning to the image of the "dog chasing its tail." It is worth identifying its contradictions, step by step.

Interest rates — The government announced that they will remain high. Why? To prevent consumption from growing and the economy "from becoming heated." Why?

Inflation and the dollar — Until a short time ago, the government said it was necessary to check consumption to avoid fueling inflation. Now it confessed its true objective: To prevent consumption from growing on the grounds that industrial production growth would increase imports of raw materials and parts. So what?

Debt — If imports grow, there would not be enough dollars to pay for such imports and to honor other external obligations (interest on the foreign debt, profit remittances by multinational companies and speculators playing the "game of earning interests," etc.).

Dollar — A dollar shortage would pose several dangers to the economy. Speculators would spot the difficulties, as happened in Mexico, and start taking their dollars out.

Crisis — Once the crisis breaks out, the government would be forced to increase the dollar exchange rate, devalue the real, increase the cost of imports, and thus increase inflation. Yet this would not be everything: The economy would be subject to a new "contraction" with the objective of reducing consumption and, once again, imports.

Outlined this way, the reasoning of the Cardoso Government seems right. It gives the impression that the policy of recession, high interest rates, and reduced consumption — despite being unpleasant — is the only one for Brazil. This reasoning is wrong, from its very beginning.

Why? Today, the growth of imports has nothing to do with the increase of consumption or of industrial production. Imports are growing because of the hallucinated "industrial policy" of the Cardoso Government.

Under the excuse of promoting the "modernization" of enterprises and the reduction of costs, tariffs were reduced and the market was opened to raw materials, parts, and components that were produced in Brazil. Some furniture factories in Parana are now importing lumber. There are electric home appliance factories importing metal, and textile factories importing cotton (sending into unemployment half-a-million small farmers in the northeast).

Jobs have been closed and entrepreneurial assets are being destroyed. That is, the savings that society has accumulated for decades — through sacrifice and by resigning itself to live without basic services like health, or simply by denying to itself the right to eat — are being destroyed.

The country is in a serious situation. It is cornered by an absolutely contradictory policy, which seems to follow the steps of an insane dancer. Entrepreneurs, workers, the middle class, and the masses are sentenced to high interest rates, low salaries, and recession — just to prevent the growth of imports. Yet the increase of imports and the "burning" of dollars are caused by the economic policy itself.

During the 1970's and 1980's, Brazil went through a recession, checked consumption and production, because it was dependent on imports and did not have sufficient dollars to pay for them: Oil, steel, fertilizers, paper, machines, and equipment for building factories and plants. Society tightened belts, invested, and started producing all those goods. Today it passively accepts the destruction of all that.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Brazil: Risks Involved in Stabilization Plan Outlined

PY0506005096 Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Jun 96 Section 1 p 11

[Commentary by Celso Pinto: "The Bet on the Real"]

[FBIS Translated Text] In a stabilization process, when the inflation rate seems to be under reasonable control, it is inevitable that there be discussion of whether the government should continue to keep the inflation rate at levels in force in developed countries, or whether it should try to reduce costs and correct distortions.

The answer by Francisco Lopes, director of the Monetary Policy Department of the Central Bank and one of the most important current operators of stabilization, is clear: Brazil should continue with its efforts until the inflation rate reaches a very low level.

There are two suppositions behind this view. The first is that it will be possible to keep the degree of sacrifice at a reasonable level, consistent with the political horizon, which calls for a debate on reelection in 1997, and for the presidential succession in 1998. The second is that there will be an opportunity to overcome crises that might appear along the way.

To keep sacrifices at a reasonable level means to grow from 4 to 5 percent in 1997 and approximately 4 percent in 1998. To correct distortion means to prevent this factor from causing a crisis in external accounts.

The first point is, in theory, easier to control. Lopes believes that the easing of the monetary contraction, which has already come into effect and which will be felt in the last months of 1996, will guarantee an annual growth of 4 to 5 percent. If he is wrong, it will be enough to loosen monetary restrictions a bit more.

The second point is more complicated. The economic team's bet is that there will be no commercial deficit this year, and that in 1997, the commercial deficit might not be too much higher than $1 billion. The estimates by the private sector are much more pessimistic, by several billion dollars.

Betting on a one-digit inflation rate will obviously eliminate exchange rate adjustments. And if government estimates are wrong?

Newly designated Planning Minister Antonio Kandir, as far as is known, believes that it is possible to gain time and maneuvering room in the external accounts by giving extra incentives to exports, like the cancellation of the ICMS [Goods and Services Movement Tax], a measure that is provided for in a bill that he submitted to Congress. Furthermore, there can be more effective action in the reduction of the so-called "Brazil cost," while, as a last resort, other export promotion mechanisms can be created.

Another trump card — in theory — is that even if the situation is more pessimistic, a fatal external crisis will not occur overnight. In addition, there are defensive arms. Lopes contends, for example, that even a speculative attack like the one made against Mexico in 1994 demands a coordination effort on the part of the attackers and a succession of errors on the part of defenders.

"A plane will not plummet because of one single mistake," he said. In this regard, Lopes considers that the reserves level is one of the most important indicators. If reserves drop, defensive measures are adopted.

Lopes claims that the fiscal cost of accumulating reserves is not that high. They yield a dollar profit of approximately 5 percent, and their cost is approximately 15 percent above inflation, when the government is forced to sell its bonds to neutralize the monetary expansion caused by the reserves. If the country accumulates $10 billion in reserves in one year, the cost will be $1 billion, or 0.15 of the GDP. "It is the difference between a deficit of 2.5 percent and of 2.65 percent of GDP," he said.

The defensive arm would be to increase interest rates, something that would affect growth and that would increase the economic (and political) cost of stability. It would be equivalent to reaching the same undesired point through a different route.

The important thing in that case would be to have the general perception that the essential factors of the economy are moving in the right direction, said former Central Bank President Affonso Celso Pastore, a stern critic of the current economic policy. In his opinion, the essential factors will be going in the right direction if they aim at a sustainable, standing fiscal adjustment.

Everyone, including Pastore, agrees that the government will have some time to administer the crisis and, if this is done with proficiency, it can prevent a total destruction of the stabilization plan. The political cost, however, will be high and might jeopardize the presidential succession.

For this reason, it is vital that the team and the president believe that the more pessimistic possibilities are not very likely to occur. This is the essence of the bet.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Brazil: Government Plans To Improve Social Security Reform

PY0406123496 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jun 96 p A6

[Report by Joao Domingos]

[FBIS Translated Excerpt] Brasilia — The government has decided to hit the opposition with the same arm with which the opposition hit the government: the separate voting mechanism (DVS). The leaders of the parties that support President Fernando Henrique Cardoso intend to submit requests for separate voting in order to withdraw, in the second voting session, the parts that the opposition incorporated into the social security reform.

To achieve this, government party leaders should only submit requests for DVS's canceling, for example, the part that grants professors a special retirement allowance after 30 years of work (25 years for women), or the part that eliminated the requirement for a minimum age of 55 years for public servants' retirement.

Vote Counting

Since the DVS will eliminate part of the reform, the opposition will have to gather 308 votes in order to maintain the social security rules. The opposition has 100 guaranteed votes. With the help of dissidents, they could have, at most, 150 votes.

The government's plan is to clean up the text of the social security reform before it reaches the Senate, so that it may be rebuilt there, as was planned in the Chamber of Deputies. Deputy Prisco Viana (PPB-BA) [Brazilian People's Party-Bahia], one of the main dissidents, has already christened the senators who will restore the text of the reform an "execution squad." [passage omitted]

Prisco Viana, a specialist in internal regulations, believes that the Chamber of Deputies will not be able to modify the text that was remade by the Senate: "A bill that has been rejected cannot be voted on."

Michel Temer, a PMDB [Brazilian Democratic Movement Party] leader and the rapporteur of the social security reform bill, disagrees with Viana. According to Temer, the constitutional reform will come into force only after being approved in two floor voting sessions in the Chamber of Deputies and the Senate. Consequently, the rule will apply only if the reform is rejected in both houses of Congress. "A constitutional reform that was approved only in the Chamber of Deputies is not valid at all," Temer said.

The voting on the social security reform will end after the elections of 3 October, according to the strategy designed by government party leaders. With so long a period of time available, they believe they will be able to overcome dissidence, particularly among the lawmakers who will run for mayor and who would vote against the reform, fearing the reaction of retired workers.

Based on the calculations by those leaders, the reform will be voted on again on 11, 12, and 13 June, after the 6 June holiday. If everything turns out alright, and if the final DVS's are voted on on the scheduled days, the second floor voting will take place on 25, 26, and 27 June. In this case, the reform approved by the Chamber of Deputies will be submitted to the Senate at the end of June. There are still 90 DVS requests, but at least 80 of them will be withdrawn. It is estimated that three days will be sufficient for voting on the remaining DVS requests. [passage omitted]

Brazil: Government Party Fears Defeat in Mayoral Elections

PY0406002896 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jun 96 p A7

[Report by Christiane Samarco]

[FBIS Translated Text] Brasilia — The candidacy of Jose Serra for mayor of Sao Paulo has reassured the PSDB [Brazilian Social Democracy Party] people, who deplored the lack of a "good show window" for the party in the municipal elections. PSDB leaders, however, are not satisfied. In light of the lack of spectacular actions in the social sector — which caused the popularity of President Fernando Henrique Cardoso to drop — the PSDB people are working hard to find candidates in seven capitals.

"I do not feel inclined to play the role of Joan of Arc," deputy Yeda Crusius (PSDB-RS) [Rio Grande do Sul] said on the evening of 31 May when pressured by party leaders to run for mayor of Porto Alegre. "The PSDB is very weak in this state, and I do not want a useless defeat," she said. The factor that has most strongly frightened Crusius is the result of a survey ordered by the party: 36 percent of the Rio Grande do Sul people reject Cardoso.

The survey that will reflect the situation of the party in the 40 largest Brazilian cities is not yet ready, but the first figures are sufficient to cause the PSDB to be concerned. After confirming the trend regarding the drop of the government's popularity, PSDB leaders started running away from the ballot boxes in Belem (PA) [Para], Fortaleza (CE) [Ceara], and Aracaju (SE) [Sergipe], causing the PSDB governors who are looking for mayoral candidates to despair.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The PSDB has also given up hope of convincing Senator Coutinho Jorge (PSDB-PA) to run for mayor of Belem (PA). In Maceio (AL) [Alagoas], the homeland of Senator Teotonio Vilela, the PSDB president, the party has no candidate for mayor.

"It is difficult to find someone who will agree to suffer a defeat in Aracaju," a PSDB leader has said, because he is convinced that it will be impossible to avoid suffering defeat to the candidate of former Governor Jackson Barreto (PMDB) [Brazilian Democratic Movement Party]. Something similar occurs in Ceara, governed by PSDB member Tasso Jereissati. In this state, the PMDB of Juracy Magalhaes is considered invincible. In Ceara, the PSDB people dream with former Governor Ciro Gomes in order to avoid defeat, but they are already speaking about "losing with elegance" with another as yet undetermined candidate. Only in Manaus (AM) [Amazonas] does the PSDB have some chance for success with Senator Jefferson Peres, but he is still reluctant to become a candidate.

Brazil: Party Coalitions Split Over Municipal Elections

PY0406171996 Rio de Janeiro O GLOBO in Portuguese 2 Jun 96 p 2

[Report by Adriana Vasconcelos and Lydia Medeiros]

[FBIS Translated Text] Brasilia — The war has started. As of this weekend, when parties will begin their conventions for choosing candidates for the municipal elections, President Fernando Henrique Cardoso will have to redouble his efforts to maintain his support base in Congress. The alliance that backs the federal government will not be rehearsed in any of the capitals in the elections on 3 October. The five larger government allies, PSDB [Brazilian Social Democracy Party], PFL [Liberal Front Party], PMDB [Brazilian Democratic Movement Party], PPB [Brazilian Progressive Party], and PTB [Brazilian Labor Party], will be divided in the main Brazilian cities, like Sao Paulo, Rio de Janeiro, Porto Alegre, Belo Horizonte, and Salvador. The government is concerned about the repercussion of regional conflicts in the relations between parties in Congress, because the government has not yet been able to approve the Social Security, administrative, and tax reforms.

Says government leader deputy Benito Gama (PFL-BA) [Bahia]: "The government will come out of this dispute with wounds."

Vice President Marco Maciel thinks everything is normal: "The national alliance is not something that can be pledged. It may not be transplanted to a municipal district."

In Recife, Maciel's homeland, Roberto Magalhaes (PFL) is leading public opinion polls but he is at war with the PSDB, which will sponsor its own candidate, State Deputy Joao Braga. Magalhaes has complained about the attacks from his adversary, but he chose to remain silent in order to preserve the nationwide alliance between his party and the PSDB.

Magalhaes says: "If there is no alliance in the homeland of the vice president, it is a very bad example for the rest of Brazil. I believe it will damage the nationwide alliance. It gives the impression that it is something artificial, relying only on power, because the rank-and-file does not back it."

The fracture between the PFL and the PSDB in Sao Paulo, with the candidacy of former Planning Minister Jose Serra and the PFL support for Mayor Paulo Maluf, has already brought repercussions in Congress, even before the beginning of the campaign. PFL leaders consider that Governor Mario Covas' breaking with the Sao Paulo PFL, dismissing secretaries and officials in trusted positions — all of them PFL members — was hasty.

"It was a provocation, when we were not willing to fight," said Senator Guilherme Palmeira (PFL-AL) [Alagoas], who warned about the risk of the Sao Paulo campaign spreading nationwide, thus becoming a referendum on the Fernando Henrique Cardoso government.

"If Serra does not perform well, the president will be weakened, and this may jeopardize the reelection project," Palmeira added.

Elcio Alvares (PFL-ES) [Espirito Santo], the government leader in the Senate, has recommended that Cardoso distance himself from the municipal elections, especially in Sao Paulo, to break the link between the image of his government and the elections.

"It is understandable that the president should have supported Serra, who is his friend and his former minister. Yet that type of statement should be avoided," Elcio said.

Just as the government did not manage to keep its allies together, the opposition is not united in most capitals either. In towns like Boa Vista (RR) [Roraima], in which adversaries like the PFL and PCdoB [Communist Party of Brazil] are members in an odd alliance with the PSDB, PDT [Democratic Labor Party], PSB [Brazilian Socialist Party], PV [Green Party], and the PMN [National Mobilization Party]. Yet the PFL is actually closer to the conservative wing of the PPB, rebuilding the old Arena [National Renewal Alliance]. In addition to Sao Paulo, the two parties will form alliances in six other capitals, among them Manaus and Aracaju.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

"While the PSDB remains undecided, we take action. What we actually wanted was to form an alliance with the PFL all over Brazil," Deputy Eraldo Trindade (PPB-AP) [Amapa] said jokingly.

The admiration for Fernando Henrique Cardoso, which the PFL has openly expressed, is apparently not shared by all PSDB members. An example of this is the fight in Rio de Janeiro between Governor Marcello Alencar and Mayor Cesar Maia, which has paralyzed the attempts to make an alliance in the state. So far, the PFL and the PSDB can make alliances in only five cities, all of them unimportant: Aracaju, Boa Vista, Goiania, Porto Velho, and Maceio.

The Situation in the Major Capitals

Manaus: Gilberto Mestrinho (PMDB), Nonato Oliveira (PDT-PT) [Workers Party]. PPB-PFL-PTB-PL [Liberal Party], without candidate.

Belem: Elcione Barbalho (PMDB-PPS) [Popular Socialist Party], Coutinho Jorge (PSDB), Said Xerfan (PPB), Vick Pires Franco (PFL), Edimilson Rodrigues (PT).

Salvador: Antonio Imbassahy (PFL), Pedro Irujo (PMDB), Domingos Leonelli (PSDB), Marcos Medrada (PPB), Nelson Peregrino (PT), Joao Henrique (PDT)

Sao Luis: Jackson Lago (PDT-PT), Alfonso Manoel (PSDB). PFL, PMDB, and PPB without candidates.

Joao Pessoa: Cicero Lucena (PMDB) and Nadja Paleto (PSDB).

Fortaleza: Juraci Magalhaes (PMDB), Inacio Arruda (PCdoB). PSDB without candidate.

Recife: Roberto Magalhaes (PFL-PMDB), Joao Braga (PSDB), Humberto Costa (PT), Pedro Correia (PPB).

Maceio: Katia Bornes (PSB), Alberico Cordeiro (PTB) and Augusto Faria (PPB). PMDB, PSDB and PFL can unite to sponsor Guilherme Palmeira.

Rio de Janeiro: Sergio Cabral (PSDB) can win the support of the PMDB and PPB. Miro Teixeira (PDT-PSB-PCdoB), Luiz Paulo Conde (PFL) and Chico Alencar (PT).

Belo Horizonte: Virgilio Guimaraes (PT), Amilcar Martins (PSDB), Joao Pinto Ribeiro (PTB), Mauricio Campos (PL).

Sao Paulo: Jose Serra (PSDB-PSL [expansion unknown] -PL-PTB), Celso Pitta (PPB-PFL), Joao Leiva (PMDB), Luiza Erundina (PT).

Vitoria: Luiz Paulo Veloso (PSDB), Luiz Durao (PDT), Nilton Baiano (PPB) and Rita Camata (PMDB).

Florianopolis: Edson Andrino (PMDB-PSDB), Vinicius Lumertz (PFL- PTB-PSL), Afranio Boppre (PT-PCdoB)

Curitiba: Cassio Tanigushi (PDT), Angelo Vanhoni (PT). PSDB, PFL, PTB can form an alliance with the PDT.

Porto Alegre: Raul Pont (PT), Vieira da Cunha (PDT), Mario do Carmo (PPB), Valdir Fraga (PTB), Paulo Odone (PMDB), Maria Augusta (PSB) and Yeda Crusius (PSDB).

Chile

Chile: Diplomatic Visits Intended To Raise Profile

PY0506171996 Santiago LA TERCERA DE LA HORA in Spanish 3 Jun 96 p 2

[Editorial: "Diplomatic Action"]

[FBIS Translated Text] The various signs that appeared recently leads to the conclusion that the government is intensifying its diplomatic action on various fronts. Its objective is nothing more than to enhance our presence in the international community. Within this context, it is worth pointing out that this diplomatic task involves not only our foreign minister and his personnel but other ministers and congressmen as well.

The visit recently paid by Defense Minister Edmundo Perez Yoma to France is one more achievement on the road that took him to Belgium, Germany, and Great Britain, and which in a near future will also cover the United States, Spain, Sweden, and Russia.

The tour made by the defense minister proves that Chile understands quite well that one of the current main problems is what to do with peace now that the end of the ideological confrontation liberated the countries of the nightmare of nuclear holocaust. This is why the objective of the visits to other nations is to strengthen the existing bilateral links with them.

Within the same context, it is also necessary to point out the actions taken by the Foreign Ministry regarding relations with the neighboring countries, for which the Foreign Policy Committee was summoned. This committee is made up of former ministers, professors, experts on international relations, and representatives of the National Defense General Staff and the Armed Forces.

Therefore, the government objective is to strengthen our presence in various parts of the world and at the same time maintain the necessary coherence in the actions taken by Chile in the different fields abroad.

The fact that Chile is a member of the UN Security Council forces us to strengthen our presence in the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

international field. As new evidence emerges daily that the cold war could be replaced by the intensification of regional, ethnic or religious wars, we must be alert to this situation to prevent the points of conflict from disturbing the peace humanity wants.

Chile: Presidency Secretary General Interviewed

PY0606011296 Santiago ESTRATEGIA in Spanish 3 Jun 96 pp 40-41

[Interview with Presidency Secretary General Genaro Arriagada; place and date not given]

[FBIS Translated Excerpt] [ESTRATEGIA] President Eduardo Frei and Foreign Minister Jose Miguel Insulza had clearly said that they will not send the Mercosur [Common Market of the South] treaty to Congress. What made them change their opinion?

[Arriagada] There are matters not included in the ALADI [Latin American Integration Association] treaty, and they ought to be the object of a law. But the clearest thing is that the negotiating role is an exclusive right of the president of the Republic, and Congress can only approve or reject the treaties, without making amendments.

There is also a political reason, because the agreements with the European Union and with NAFTA must go to Congress. Thus, the government does not disapprove of the idea of giving participation to Congress in these decisions.

[ESTRATEGIA] In some subsectors of agriculture it is said that the Mercosur treaty is not suitable for Chile; therefore, the government would like to share responsibilities with Congress, because of the effects it could have.

[Arriagada] The economic complementation agreements have never been popular for governments because sectors that are favored keep a rigorous silence while those that are harmed complain. But herein lies the basis of government leadership. If President Frei believes that the treaty is suitable for Chile, he must promote its approval, disregarding criticisms by some sectors that defend legitimate but partial interests.

[ESTRATEGIA] Industrial producers, and those of the mining sector, are very enthusiastic about Mercosur, and they have said so.

[Arriagada] That is true.

[ESTRATEGIA] As an integral agreement that includes geographic aspects and bioceanic interconnection, is there not an overlapping with certain modernization processes, such as those involving the ports, for instance?

[Arriagada] The government has established its legislative priorities up to 18 September and we hope the Emporchi [Port Enterprise of Chile] bill will become a law before that date. The bill is now in the hands of the Chamber of Deputies Finance Committee, and the chamber will deal with it in June, after which it will be submitted to the Senate. The bill on customs is also important, and I think it will become law before 30 June, because it is now in the Senate, which will vote on it this week. [passage omitted]

[ESTRATEGIA] How can the miners' interests be reconciled with those of the government, since they seem so distant from each other?

[Arriagada] The government wants to keep the mines in operation and agrees to pay for reasonable losses caused by a decreasing trend. The 97 dismissed mineworkers have been offered the chance to join a top-level committee to review each case. If there are errors, they will be amended immediately. [passage omitted]

[ESTRATEGIA] In this map of social risks, what importance does the government attribute to the fact that the Communist Party of Chile [PCCh] is leading within the CUT [United Workers Confederation] in the areas of health, teachers, and university students?

[Arriagada] It would be naive to believe that the PCCh is growing. The PCCh is extremely nostalgic for a formula that was historically defeated and that disappeared throughout in the world. In terms of government, it has nothing to offer, but many people vote for the PCCh and for social organizations not because they believe in their ideas, but with the hope that they will be tougher negotiators.

We do not accept a return to the type of populist policies to which the union organization has been accustomed. For 30 years this has led Chile to endure frequent strikes but did not help to improve the workers' income at all.

The key to a modern income redistribution policy is based on an economy with macroeconomic balance, with high investment rates, with no fiscal deficit, and with a consistent monetary policy. From there on, we can make efforts for the creation of justice and equal opportunities.

[ESTRATEGIA] What is your opinion, as a political analyst and not as a minister, regarding the coalition?

[Arriagada] In this country there ought not to be subjects that engender false debates. There is no element to preestablish a presidential scenario. We must think that President Frei's administration has more than three and a half years remaining. The municipal elections are ahead, but they will not have much of an impact at

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the national level. The presidential scenario will be seriously organized as of the congressional elections by the end of 1997. Moreover, the coalition is very strong, and in Chilean history there had been no coalition that lasted six years. Here there is a very solid cultural and political phenomenon, and thus the coalition will be strong enough to overcome its challenges. Besides, the party that might want to break it will have to pay a definite price, and thus I believe that we will be able to project ourselves beyond President Frei's administration.

Chile: Judge Imposes Amnesty Law in Carmelo Soria Case

PY0606034196 Santiago EL MERCURIO in Spanish 5 Jun 96 p A1

[FBIS Translated Excerpt] Supreme Court Justice Eleodoro Ortiz Sepulveda has fully and definitely dismissed, through the amnesty laws, prosecution for the homicide of Spanish citizen Carmelo Soria Espinoza, which took place on 14 July 1976.

He made this decision because the crime has been covered by the amnesty law issued with regard to those cases of violence committed between 11 September 1973 and 10 March 1978, after the military junta's ascension to power.

The amnesty law, which abrogates the crime, the sentence, and all its effects, and eliminates any criminal responsibility, favors (retired) Major Guillermo Humberto Salinas Torres and (retired) Noncommissioned Officer Jose Remigio Rios San Martin, who had been prosecuted for this crime, and three others.

Judge Ortiz Sepulveda's ruling establishes the outcome of the investigations in a trial that appears as one of the last and most sensational cases of human rights violations, especially after the sentencing of those involved in the murder of Orlando Letelier. [passage omitted]

Chile: PS Leader on New Civilian-Military Relationship

PY0606024996 Santiago LA TERCERA DE LA HORA in Spanish 5 Jun 96 p 8

[Interview with Socialist Party Chairman Camilo Escalona by Juan Andres Quezada; place and date not given]

[FBIS Translated Text] [Quezada] Had you imagined debating with [Army Commander General Augusto] Pinochet's closest aides?

[Escalona] That was unthinkable in the recent past. I don't believe in reaching hasty conclusions because this is a slow process that requires the rapprochement of sectors that have been on the opposite side of the country's scenario, and bringing them together again will be a difficult job. The important thing is that phases that seemed insurmountable have been overcome.

[Quezada] Do you think [Ricardo] Lagos' meeting with General Cheyre has to do with the rumors about the posts they may occupy?

[Escalona] I think it is wrong to speculate on who could become the new Army commander. Now, then, regarding Ricardo Lagos, we undoubtedly want him to head the Coalition of Parties for Democracy in the year 1999, and any rapprochement is positive.

[Quezada] What was said about the future civilian-military relations?

[Escalona] Chile is approaching a new phase in the civilian-military relationship that requires a new ideology. Developments take place because the deadlines established in the Constitution cannot be stopped.

[Quezada] What does this new ideology consist of?

[Escalona] A strategic projection of the nation that may respond to the country's opening to the rest of the world and the reassessment of the role played by the state and its institutions. The globalization process may become a dead end road for Chile if all our institutions do not have a national identity.

[Quezada] How can this national identity be achieved?

[Escalona] By learning the lesson from the painful experience of the recent path and by redefining the civilian-military relationship.

[Quezada] Do you think the time has come to turn over to the next page?

[Escalona] I believe the time has come to adopt a new strategic political ideology in Chile. This is a task in which civilians and military must cooperate, overcoming the fear of authoritarian enclaves that still exist and by regaining confidence in each other. The armed institutions must be given a new place in the country's scenario, and we must carry out a constitutional reform that will not be interpreted as an action to control the Armed Forces.

[Quezada] Do you feel the Army has a new way of thinking?

[Escalona] I see new developments, such as dialogue and the exchange of viewpoints that took place in this seminar [entitled "The Armed Forces and the Transition Toward Democracy: The Cases of Spain and Chile," held in Madrid in early June], within a process full of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

contradictions, such as the charges by Deputy Aguilo regarding the existence of a network of former police agents.

[Quezada] What would the Armed Forces' new role consist of?

[Escalona] We uphold an institutional relationship with the Armed Forces and do not view the concept of the "return to barracks" in the sense of their confinement to barracks, but rather that their new role should define their adequate inclusion in the new national scenario, where their professional capacity can be used and, at the same time, they can safeguard national sovereignty, not allowing anyone to manipulate them for selfish political interests.

[Quezada] In this new phase, will the PS be more lenient in the human rights field?

[Escalona] We have never regarded the effort to clarify the cases of arrested missing people as a task against the Army.

[Quezada] Could this meeting be regarded as a political landmark for the PS?

[Escalona] We must assess this meeting calmly because it is risky to define it as the most important landmark, from the political viewpoint, for us, taking into account all the landmarks that have existed and will exist throughout this process.

Colombia

Colombia: Report Views Possible U.S. Sanctions

PA0506145996 Santa Fe de Bogota EL TIEMPO in Spanish 3 Jun 96

[Report by EL TIEMPO correspondent Andres Cavelier Castro — received via Internet]

[FBIS Translated Text] New York — The U.S. Government already has on the table its possible sanctions against Colombia in the case that President Ernesto Samper is acquitted by the Chamber of Representatives from charges of narco-corruption.

The Clinton administration has reached this conclusion considering the way things are going in the debate.

Ever since Colombia was decertified on 1 March for failing to cooperate in the struggle against drugs, there were rumors about the possibility of imposing new economic sanctions, but it was only until last week that the different anti-narcotic agencies, as well as President Bill Clinton, considered the possibility — list in hand — of the various options that Washington has available.

Various sources consulted in Washington and New York confirmed the report and, although the options, which were discussed on Tuesday in a special anti-narcotics council, are a state secret because the 14 government secretaries (ministers) participated, it was admitted that the United States will continue to exert pressure for more cooperation in the anti-narcotics sector and more honesty in the investigations.

"I have the feeling that U.S. officials are going to be surprised if Samper is acquitted. There is too much information about the case and no one here understands this," a State Department official warned this newspaper, adding that Washington is increasingly worried by the way decisions are made in Colombia.

"Everything dealing with Colombia is under review," a U.S. Government official told the THE WASHINGTON POST. "No measure has been adopted because the president will make the final decision when the recommendations are ready, but we are moving in that direction."

An expert in Colombian affairs in Washington told EL TIEMPO that "they already have a clear list from which they are choosing." In New York, Colombian-American Association President Bert Ruiz commented that "acquittal will bring more pressure."

Nevertheless, the dilemma lies in the fact that the United States wants to pressure the Samper administration without igniting anti-U.S. nationalism in Colombia, something that could be counterproductive for the U.S. counternarcotics policy or that could affect U.S. firms that have businesses in Colombia.

Everyone is very sensitive. Last week, when it was rumored that Robert Gelbard, assistant secretary for international narcotics affairs, had sent a letter to Samper in which he supposedly alluded to the levels of corruption in Samper's 1994 electoral campaign, the State Department immediately denied the reports.

Gelbard informed EL TIEMPO of a letter he sent to the Colombian-American Chamber of Commerce in Bogota on 11 April, which was reportedly the cause for the confusion.

At a time of tense U.S.-Colombian relations, Ambassador Carlos Lleras de la Fuente is on vacation. Given the level of the contacts established in recent visits to Washington, two ministers are currently conducting the diplomatic dialogue: Finance Minister [title as published] Morris Harf and Energy and Mines Minister Rodrigo Villamizar.

Samper has not appointed a new ambassador and once Lleras turns over his post, "any person he (Samper) appoints will be intensely scrutinized," a State Department official said.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

THE WASHINGTON POST said yesterday that there is no suspense in the debate at the Chamber of Representatives "because the final verdict is virtually already known."

"It is believed that the 165-member Chamber of Representatives is going to acquit Samper by a wide margin within five days," the THE WASHINGTON POST stated. It added that the debate seems to be of more interest to the public than to the representatives, "who are staying home or wandering around the halls, leaving the chamber half empty."

Colombia: Samper's Lawyer Not Able To Enter Into Sessions

PA0506192396 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 5 Jun 96

[Interview with Ramon Elejalde, chairman of the Liberal Party Central Political Committee, by Fabio Callejas Ramirez at the Chamber of Representatives in Santa Fe de Bogota; from the "The Midday Newscast" — live]

[FBIS Translated Text] [Callejas] Luis Guillermo Nieto Roa, defense lawyer for President Ernesto Samper, will not be able to participate in the Chamber of Representatives' sessions dealing with the proceedings against the president. Caracol has just learned this, following a decision made by the Santa Fe de Bogota Superior Court, which accepted a petition for protection that was presented by Cundinamarca Liberal Representative Alegria Fonseca. Fonseca presented a petition for protection to prevent Nieto Roa's participation, arguing that it would be violation of due process. Ramon Elejalde is chairman of the Liberal Party Central Political Committee and a representative from Antioquia Department. Elejalde, are you aware of this information here in the Colombian Congress?

[Elejalde] Yes, we were notified of the Santa Fe de Bogota Superior Court's ruling a few minutes ago. Its proponent was Judge Humberto Gutierrez of the Superior Court's criminal chamber.

[Callejas] Therefore, Mr. Nieto Roa will not be able to participate in the sessions as had been foreseen?

[Elejalde] That is right. According to the decision, he will not be able to participate because the Chamber of Representatives decided there were no legal grounds on which to allow his participation.

[Callejas] How do you view this situation? What do you think of the court's decision?

[Elejalde] First of all, I fully respect decisions by judges. We have always said this and have always requested respect for their decisions. Nevertheless, I regret this decision that prevents the right to defense, which is a fundamental right. In addition, there is something else. The right to due process is supposedly being protected. Due process includes the right to defense and the one who has this right is the president of the republic. This right is being violated. The petition for protection was filed by someone other than the one who has a right to defense.

[Callejas] Do you think there is any possibility the Liberal Party will challenge the court's decision?

[Elejalde] No, the Liberal Party cannot challenge it because it does not involve a problem with the Liberal Party. I think the Chamber of Representatives should challenge it so as to hear the opinion of the Criminal Chamber of the Supreme Court of Justice.

Colombia: Chamber Head on Lawyer's Exclusion From Debate

PA0506193996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 5 Jun 96

[Interview with Dr. Rodrigo Rivera Salazar, president of the Chamber of Representatives, by Fabio Callejas at the Chamber of Representatives in Santa Fe de Bogota on 5 June; from "The Midday Newscast" — recorded]

[FBIS Translated Text] [Anchor] We have spoken about the judicial decision stipulating that Colombian President Ernesto Samper's attorney Luis Guillermo Nieto Roa cannot participate at the plenum of the Chamber of Representatives. Are there any reactions from the Chamber of Representatives, Fabio?

[Callejas] Thank you, Julio. Listeners of Caracol's "The Midday Newscast," Dr. Rodrigo Rivera Salazar, president of the Chamber of Representatives, has just learned about the ruling issued by the Santa Fe de Bogota Higher Court. Here are his remarks on this issue after the Chamber of Representatives was informed that Samper's defense attorney cannot participate in the debate:

[Begin recording] [Rivera] This ruling should be obeyed. The Chamber of Representatives will obey it. I still do not know whether or not we will make an appeal. Even if we did make an appeal, it would only have an effect over time. This means that we would have to abide by the Higher Court's ruling until this appeal was resolved.

[Callejas] Do you believe that this ruling would modify the development of this case against President Samper?

[Rivera] Of course. I believe that every lawmaker has made his own assumptions. I believe this is significant. We ourselves will make the decision.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Calljeas] It is being said that obscure interests [words indistinct] motivated Dr. Alegria Fonseca's petition for protection against the president. What is your opinion in this regard?

[Callejas] No, these are your own words, not mine. I have said nothing of this sort.

[Callejas] Then, do you believe that the debate should continue?

[Rivera] There is no other choice. We must carry out our duties. The debate should continue and... [end recording]

[Callejas] In reply to this judicial decision, Dr. Rodrigo Rivera, president of the Chamber of Representatives, has said that the debate will therefore continue. Hence, this leaves as groundless the proposal that had already been approved, passed, and [words indistinct] that authorized the participation of the procedural participants in the Chamber's current discussions. This was Fabio Callejas Ramirez for Caracol.

Colombia: 'Anti-Samper Attack' in Chamber Debate Viewed

PA0506171596 Santa Fe de Bogota TIEMPO in Spanish 4 Jun 96

[Received via Internet]

[FBIS Translated Text] Rodrigo Echeverry: "The Liberal Party has reason to feel ashamed." Roberto Camacho: "The president should be indicted for possible dishonorable behavior." Viviane Morales: "The Prosecutor General's Office does not have sufficient arguments."

Yesterday was not a good day for President Ernesto Samper in the Chamber of Representatives.

On the sixth day of debates, five of the nine speakers requested the Chamber of Deputies to analyze possible indications of dishonorable behavior by the president and accused him of negligence for not preventing drug trafficking money from contaminating his campaign.

The anti-Samper attack was headed by Conservative Party Representative Pablo Victoria, who spent three hours disputing Heyne Mogollon's evidence and warning, with case file in hand, that there are marked contradictions in judgments used in this project that seeks to acquit the president.

Antioquia Liberal Rodrigo Echeverry, who said he was all in favor of the president during the campaign, declared before the plenum that there are reasons for the party to feel ashamed and dissatisfied with what he called the poor handling of the campaign.

He said that now he has true reason to publicly state that the improper procurement of funds was a planned act and directly orchestrated by the then candidate. Although more moderate than his colleagues, Conservative Roberto Camacho asked that the president be prosecuted for alleged dishonorable behavior, although he admitted that in the case file there is absolutely no evidence to charge him penally.

Four representatives spoke in favor of Samper. They asked that the penal charges and those of a political nature not be decided upon lightly.

Representative Viviane Morales, member of the Alliance for Colombia, was probably the most lucid. She said that in her opinion, the Prosecutor General's accusations do not have sufficient juridical arguments and broadly overstep the authority of that investigating institution, to the point that it contains gratuitous moral and political charges against the president.

Franklin Segundo Garcia, liberal representative for Vichada and penal law professor, expressed his concern over what he described as flagrant contradictions among the witnesses used by the Prosecutor General's Office to blame the president.

Yesterday's debate, the longest since Samper's trial began, was problematic because the quorum was continuously disrupted; by 2200, only 57 of the 162 representatives remained in the plenary session.

The Chamber's President Rodrigo Rivera had to remind his fellow congressmen that they must participate in the process, as otherwise they could be punished or even lose their seats for misconduct.

There was consensus among all the congressmen, including the opposition, in the sense that the speeches were highly juridical and political and contributed to gradually clarifying to the country the nature of the trial and the contents of the file.

Yesterday's speakers included Guillermo Martinez Guerra, Evelio Ramirez, Collin Crawford, and Octavio Jaramillo.

Congressmen who are formally scheduled to speak will continue the debates today. Until yesterday, the list included 96 speakers, but congressional leaders were trying to reach a political agreement to reduce that number since there is not much time left. According to regulations, the Chamber has 15 days to resolve the issue, six of which have already passed.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Colombia: Conservatives Announce 'Selective' Opposition

PA0506184696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 3 Jun 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT on 4 June]

[FBIS Translated Text] An event has just concluded in which the Conservative Party has announced it is moving to the opposition. Of course, it is a selective opposition. Its members will not accept ministries in the Samper administration but they will remain in other positions. After 40 years, the Conservative National Directorate [DNC] members are moving to the opposition. In other words, they are officially and politically distancing themselves from the government. Nevertheless, the distance is selective with regard to bureaucratic posts.

[Begin Conservative Party President Jaime Arias recording] This is practically a formula that was established some time ago. The opposition will not hold ministries or high-level national posts. [end recording]

Nevertheless, Senator Fabio Valencia Cossio, one of the most important DNC members, has five high-level municipal officials [as heard] in Medellin and he has also been seen around Narino Palace in the evenings.

Colombia: Leadership of Cali Cartel Said To Back Samper

PA0606031896 Mexico City NOTIMEX in Spanish 0828 GMT 4 Jun 96

[FBIS Translated Text] Santa Fe de Bogota, 4 Jun (NOTIMEX) — The local television reported last night that the leadership of the Cali cartel has tacitly backed President Ernesto Samper whom it asked "to govern without fear" and demanded "full security guarantees" for their families.

The television newscast CM& revealed a letter from the individuals believed to be the top chiefs of the organization, the Gilberto and Miguel Rodriguez Orejuela brothers. In that letter they call for "repromoting" institutional legitimacy in Colombia.

These two brothers appear as the possible top sponsors of Samper during the political campaign that took him to the presidency in 1994, for which the Colombian Congress is still trying him. In their letter, the Rodriguez Orejuela brothers tell the president: "We do not have the authority to set guidelines." They claimed to have the right to state their opinion on the Colombian situation and told Samper it is necessary to repromote institutional legitimacy.

The confessed drug traffickers told Samper: "Power is to be exercised within the legal framework, without fear in the face of criticism from groups that take advantage of all sorts of violence in the end, thus legitimizing it, to secure their objectives."

The brothers close the letter by stating that the authorities have not granted their relatives enough protection to guarantee their lives and made drastic warnings: "The personal and legal security of our people is in your hands from now on, Mr. President."

The letter adds that this responsibility also applies to other high-ranking officials including the defense and justice ministers, the director of the police, the chief of the Secret Police, and the prosecutor general.

CM& revealed another letter from the public relations chief of the Cali cartel, Alberto Giraldo, to Prosecutor General Alfonso Valdivieso, in which he accuses former Conservative Party presidential candidate Andres Pastrana of having received mafia money indirectly.

This letter states, for example, that the Rodriguez Orejuela brothers made certain donations to Pastrana's political organization when he was elected mayor of Bogota and when his dream to reach the Presidency of Colombia was frustrated. Giraldo, who is in a Santa Fe de Bogota prison, recalled that Pastrana sold him a special contribution bonus for 3 million pesos (approximately $4,000 in 1994). Rodriguez Orejuela approved that money.

Giraldo said he invited former President Misael Pastrana, Andres' father, to lunch, an invitation which the Cali cartel chief canceled later.

The letters have become publicized just as the debate on Samper at Congress is heated over conflicting opinions on the president's responsibility in the receiving of illegal funds for his electoral campaign.

Colombia: Oversight Organization Urges Trial of Samper

PA0606043196 Santa Fe de Bogota TIEMPO in Spanish 2 Jun 96

[Received via Internet]

[FBIS Translated Text] A report from the Truth Oversight Committee [Veeduria por la Verdad] requests that Samper be tried for dishonorable behavior.

Assigning individual allotments from the congressmen's cofinancing budget to allow them to propose investment projects, handing out notary public posts and diplomatic appointments, and turning what should have been a political trial into one that is judicial...

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

According to the Truth Oversight Committee, these are some of the weapons that the president has availed himself of during his trial. This week the Truth Oversight Committee released its final finding to about 100 representatives of nongovernmental organizations. This team is comprised of Otty Patino, Armando Novoa, Gustavo Petro, Jose Cuesta, Jotamario Arbelaez, and Hector Pineda, among others.

According to the report, the government is distributing budget shares of the congressmen's financing system by using the name "nomination of investment projects." In other words, it is restoring the coveted former parliamentary assistance.

The Truth Oversight Committee states that "under this policy, which subordinates the independence of the National Congress, 1,862 budgets worth 164 million pesos were negotiated in 1996, which is the equivalent of 20 percent of the total joint financing budget system."

The group christened this behavior "due process with parliamentary assistance"; Chima Municipality was used as an example. It is an area under the influence of Heyne Mogollon, the representative who headed the Samper investigating triumvirate.

The "overseers" say flatly that the principle of due process has not been observed. "The guarantee of due process not only means the presumption of innocence and the existence of a natural judge; it also demands that the judge be independent, impartial, that the case be made public, and that there be a guarantee of fairness to those entrusted with getting the question of jurisdiction settled," the overseers said.

The overseers stress the misinterpretation caused by the Chamber of Representatives' role in the case, which they say cannot include any decision on common crimes, because this is the power of the Supreme Court of Justice.

The Chamber of Representatives "should only make a prejudicial description of punishable acts," the overseers say and not decide on the matter or order the case closed if there are indications that a felony has been committed.

They stress that this is being used "to scuttle in practice the possibility of moving ahead with the trial on the president's responsibility," when "it is the National Congress that should put the president on trial for constitutional reasons and for possible dishonorable behavior, either by action or omission, by allowing or by not having sufficient diligence to prevent the entry of drug trafficking monies into the campaign."

The overseers demand that the Chamber of Representatives vote be public so that Colombians may determine each congressman's political responsibility.

They say that in order to counter "the U.S. authorities' arrogance and their Manichaean handling of the world drug problem and in response to the possibility of creating another plan based on mutual respect, we must rescue our moral and ethical authority as a nation." To accomplish this, they propose a national agreement, which does not mean impunity for those involved, the endorsement of influence peddling, or overturning the Constitution of 1991.

To this end, citizen think-tank groups were formed in Florencia, Cali, Medellin, and Barranquilla, to attempt a participative solution to the crisis.

Colombia: Lawmakers on Rubiano Letter to Orejuela Relative

PA0606030196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 4 Jun 96

[From "The National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision at 0000 GMT on 5 June]

[FBIS Translated Text] The chamber's case against Colombian President Ernesto Samper has cast doubts even on Monsignor Pedro Rubiano. During the debate, the lawmakers brought to light a letter that Rubiano had written in 1987 to thank one relative of the Rodriguez Orejuela brothers for his assistance.

[Unidentified reporter] Rubiano addressed this letter to Jaime Orejuela, the cousin of Gilberto and Miguel Rodriguez Orejuela, and he signed it nine years ago when he was the Cali archbishop.

Rubiano's letter stated: Dearest Sir, I express my warm greetings and gratitude for your cooperation toward the construction of a retirement home for the Catholic Renewal of the Holy Ghost. I have visited the construction site and thank you for the way it is being carried out. Monsignor Rubiano's letter added: Father Mera has told me this construction work you are building in memory of Dona Gladys Lopez de Orejuela, who is certainly in the Lord's kingdom, will be inaugurated on 4 January.

This letter was circulated last night at the Chamber of Representatives among congressmen who are progovernment. The objective of publishing this letter could be the following:

[Begin Congressman Octavio Jaramillo recording] I bet that he was wrong when he attacked the Colombian president. He has given us an example by pointing out

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

someone else's fault when it turns out that he has faults of his own of which he has not become aware. [end recording]

[Reporter] Those who oppose the government also have learned about this letter and have said, however, that what is being discussed at the chamber is Samper's fault of 1994 and not Rubiano's fault of 1987.

Colombia: Gaviria Views Demands of Brother's Kidnappers

PA0606024696 Panama City ACAN in Spanish 0039 GMT 5 Jun 96

[FBIS Translated Text] Panama City, 4 Jun (ACAN-EFE) — Former Colombian President Cesar Gaviria said today the demands the obscure "Dignity for Colombia" group has made to release his brother, Juan Carlos, who was kidnapped on 2 April, "are not within my reach or correspond to my intentions."

Gaviria, the current OAS secretary general who is attending the OAS General Assembly in Panama City, said "under no circumstances will I act or give an opinion that will damage my country."

The kidnappers last week issued a communique demanding that Gaviria participate in the trial the Chamber of Representatives is conducting against Colombian President Ernesto Samper and that the chamber declare him, Vice President Humberto de la Calle, and Prosecutor General Alfonso Valdivieso "unworthy" citizens. If this is not done, the group is threatening to kill his brother and the congressmen who absolve the chief of state.

Cesar Gaviria, in a written statement issued in Panama, stated "he will only intervene in the Colombian political process on matters pertaining to the OAS Secretary General's Office or for reasons I will independently determine as a Colombian citizen."

Gaviria reiterated his and his family's intentions to look for his brother's release "resorting to all the humanitarian and, of course, legal channels."

For this reason, the communique states and as a sign of the openness of his intentions and actions, he has published the tax statements the group of kidnappers had requested.

"All the members of my family are willing to clarify any doubt that could arise on the origin of our assets. We have complied with this demand, that is the only one that is in our hands."

Gaviria added that the political crisis in his country "must be resolved through institutional channels and not with actions of force or violence."

On behalf of his family, the former president stated that "he anticipates the goodwill of the captors and hopes they will keep their word to release Juan Carlos so his life and freedom are not dependent on events and actions beyond the reach of any individual."

Colombia: Combined Police Effort Results in Drug Arrests

PA0606034596 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 5 Jun 96

[Report by Carlos Eduardo Barragan; from the National Police Directorate Building; from "The Latest News" newscast]

[FBIS Translated Text] The National Police and the Prosecutor General's Office, in cooperation with international organizations such as DEA and Interpol, today carried out in Colombia, the United States, and European countries a very important operation against the laundering of assets.

Six persons were arrested in Colombia. Brigitte de Kaplan, Harry Veda Malka, Maria Mercedes Gomez, and Agusto Peinado were arrested in Santa Fe de Bogota. Luis Guillermo Dibril and Alberto Montoya were arrested in Medellin. In the United States, two Colombian-born persons were arrested.

By using foreign currency exchanges, money-wiring services, front societies, contraband, and bank transactions, drug traffickers laundered millions.

This is what Deputy Police Director General Luis Enrique Montenegro Rinco said about Operation Diamond One.

[Begin recording] [Montenegro] This woman managed everything through persons in Santa Fe de Bogota, Cali, Medellin, Pereira, and Risaralda. She managed everything and is believed to be the most important person with regard to the control of money. The [word indistinct] we found as comptroller of the Atlantico Bank was ficticious. She had contacts in New Jersey, Miami, Switzerland, and Madrid, Spain.

[Reporter] General, what led you to detect this money laundering band? How many months did it take you to accomplish the operation at the international level?

[Montenegro] We began working with the police of Europe and the United States, DEA and Interpol, six months ago. There were clues, but the operation could not be carried out until yesterday, and the operation was carried out in coordination with all these police forces and, what is most important, before we knew it we had people under arrest.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Reporter] How many persons were arrested, General?

[Montenegro] Four in Bogota, two in Medellin, and another four in Miami, the United States. [end recording]

There were 38 raids, six persons were arrested, 123 bank accounts were frozen, financial accounts were seized, front businesses for drug cartels were identified, and — this is a last minute report — the National Police, acting in the Diamond One Operation in the city of Pereira, seized eight kg of pure heroin at a Turriscarga Store. It was camouflaged in four soldering equipment cases addressed to John Freddy Medina. This heroin has been valued in 1.2 billion pesos. Carlos Alberto Ruiz was arrested in that operation.

Colombia: UK Education Minister Pledges Program Support

PA0506145396 Santa Fe de Bogota EL TIEMPO in Spanish 4 Jun 96

[Received via Internet]

[FBIS Translated Text] Gillian Shephard, British secretary of state for education and employment, arrived in Colombia for a three-day visit and pledged to support vocational development programs, large-scale English language classes, and correspondence courses.

According to Shephard, a delegation will arrive in a few days to review what strategic plans and projects must be carried out in these three areas. She said the goal is to take advantage of Colombia's and the United Kingdom's experience in education and in linking education to the industrial sector.

She also said it is important to expand correspondence courses using the technology and programs that the two nations have in this field.

The British official also pledged that the mission's agenda will include the study of mechanisms to strengthen the academic ties between the National University of Colombia and some organizations in her country.

The goal is to have the university's architecture program, which is accredited by an English institution, recognized internationally.

Shephard said it might be better to begin with the accreditation of a marine biology program, a field in which the United Kingdom, as an island, has vast experience.

She also said she will work hard so that the two countries can continue with the bilingual program to improve the quality of Colombian English professors.

During her visit, Minister Shephard has visited Pontifical Bolivarian University, Antioquia University, Don Bosco Center, and the British Counsulate in Medellin. She also has met with the directors of ICFES [Colombian Institute for the Promotion of Higher Education], ICETEX [Colombian Institute for Educational Credits and Overseas Technical Studies], Colciencias [Francisco Jose de Caldas Colombian Institute for the Development of Science and Technology], and SENA [National Apprenticeship Service].

She also visited the Anglo-Colombian College, the English College, and the Agustin Nieto Caballero College. At this last college, she learned about the recycling program carried out with the help of her government by the Urban Harvest Nongovernmental Organization at the community of Los Martires.

Shephard is accompanied by a delegation of British education and training experts.

Ecuador

Ecuador: Bucaram Sees Risk of Assassination by Colombians

PY0506224696 Madrid EFE in Spanish 0209 GMT 5 Jun 96

[FBIS Translated Text] Quito, 4 Jun (EFE) — Ecuadoran presidential candidate Abdala Bucaram said today he runs the risk of being assassinated by Colombian gunmen who were reportedly hired by the Ecuadoran "oligarchy."

Bucaram said his life is at stake because "just as Carlos Galan of Colombia and Luis Donaldo Colossio in Mexico" were assassinated by the oligarchies of those countries, the Ecuadoran oligarchy wants to prevent Bucaram from winning the 7 July runoff elections.

Bucaram said that three Colombian gunmen are in Guayaquil to murder him and that he learned about the presence of the alleged assassins from "a confidential call" that gave him precise information, which has been given to the National Police.

Bucaram, who is the presidential candidate of the Ecuadoran Roldosist Party, already denounced the fact that his rival candidate, rightist Jaime Nebot, reportedly contracted a group of Cuban "dissidents" to replace Bucaram's voice and image for a "dirty campaign" to discredit him before the national electorate.

Bucaram and Nebot will be the two candidates in the 7 July runoff elections for replacing President Sixto Duran-Ballen, who concludes his term on 10 August of this year.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Ecuador: Defense Minister Says Peru Not Recognizing DMZ

PY0506224096 Quito Voz de Los Andes in Spanish 1700 GMT 5 Jun 96

[FBIS Translated Text] Defense Minister Alfonso Alarcon said today that Peru is not exactly recognizing the demilitarized zone as established in the Itamaraty [Brazilian Foreign Ministry headquarters] Peace Declaration in February 1995.

[Begin recording] [Unidentified reporter] Defense Minister Alfonso Alarcon said that Peru intends to slow down the peace process due to the lack of definition of the demilitarized zone.

[Alarcon] [passage indistinct] I get the feeling that this may be a way to slow down the peace process. This is only my appreciation of the situation, and I hope I am wrong. [words indistinct] this type of strategy to slow down the process should be put aside so that we can make progress together. I believe the peace process must be carried out together by Ecuador and Peru because this is the only way to reach a definitive and lasting peace.

[Reporter] Minister Alarcon labeled the current Peruvian actions as diplomatic strategy. He pointed out that the lack of definition of the demilitarized zone is being used by Peru so as not to completely demobilize its troops. [end recording]

Ecuador: DP Leader Defends Noncommittal Decision

96SM0325A Quito HOY in Spanish 29 May 96

[Unattributed article: "Who Controls the Votes?" — received via Internet]

[FBIS Translated Text] While the Ecuadoran Revolutionary Popular Action Party (APRE) has not dismissed the possibility of a coalition government in the event that Abdala Bucaram, the presidential candidate of the Ecuadoran Roldosist Party (PRE) wins, the Popular Democracy Party (DP) has announced that it will penalize any member who accepts a public post with any other party that wins power.

The APRE and the DP are the first parties to announce their respective positions on the second round of balloting. The APRE has signed an agreement with the PRE-MIRA, while the DP has confirmed that it will not support either of the two candidates (Nebot and Abdala), and that it is leaving each of its members free to vote based on the dictates of his "conscience." This party has emphasized, however, that participation in the electoral campaign by any member is "prohibited."

Gustavo Larrea, the assistant director of the APRE, has said that basically, the agreement with the PRE-MIRA represents a response to the political reality in the country. The elections have clearly shown that the center-leftist sector commands a large number of votes, that the country rejects the neoliberal model, and that the Ecuadoran right wing continues to be strong. Because of this, Larrea said, the APRE believes it is necessary for the forces of the center-left to adopt and present to the country a clear position, by formulating a political program agreement designed to face up to the economic crisis, poverty, and corruption.

In Larrea's view, the position of the DP is regrettable. "At this moment of overwhelming political importance to the country, the desirable position, the political position that seeks to avoid compromising itself, is in our opinion a position that refrains from making decisions at a moment like the present one, when the country faces choices that override our desires. However, there is a public agreement with Rodrigo Paz that we deem important," he emphasized.

'We Are Not Irresponsible'

In the opinion of Absalon Rocha, the president of the DP, it is not a matter of choosing the easy path, or of irresponsibility. Rather, the party of the green arrow has made the decision not to support any candidate in order to warn the country of the risks and dangers involved in the election of either of these citizens as chief executive. "Our appeal urges that we organize civic resistance in order to avoid an outrage, because the country can see that both groups are violent and that both these citizens have regular recourse to abuse and outrage," Rocha said.

However, Rocha insisted that the DP, which is regarded as the third political force, will not place itself in opposition to the next government. Instead it will present the nation and the two candidates with a political program that will ensure the governability of the country, respect for its democratic institutions, independence for the court system, the protection of human rights, etc. This proposal, according to Rocha, will be drafted with nothing but the progress of Ecuador in mind, and it will not reflect any desire for a change in the electoral decision or participation in the next government.

As to the decision of Rodrigo Paz to support the PRE, Rocha said that this is a personal position and that the former candidate has accepted the decision of the National Council of the Popular Democracy Party and the National Front not to support either of the two candidates.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Ecuador: 'Paradox' of Coastal Candidates Wooing Sierra Noted

96SM0325B Quito HOY in Spanish 29 May 96

[Commentary by Diego Araujo Sanchez: "Paradoxes" — received via Internet]

[FBIS Translated Text] As we approach the culmination of the election process, we are faced with more than one very curious paradox. The two candidates for the presidency are politicians from the coastal region. However, a victory for either one of them will depend to a great extent on how the citizens in the mountain region of the country vote on 7 July.

The two politicians represent the interests of more or less similar groups, although there are incidental differences of style that distinguish Jaime Nebot from Abdala Bucaram. Nonetheless, the voters will have to perceive them as different, to believe that in the final analysis, voting for one as opposed to the other will not produce the same result. Since the Febres Cordero era, Nebot has been identified as the dauphin of the former president and present powerful mayor of Guayaquil, who was reelected by an overwhelming majority to continue as the head of the municipality. However, in another paradox, that fact is one of the greatest obstacles the Social Christian candidate will have to overcome in order to win the support of the voters who did not cast their votes for him on the first round.

The heavy vote cast for Febres Cordero will not be of much help to Nebot's chances for a victory now. He would, on the contrary, be better served by the perception of a difference between the two. This poses a problem, particularly following the statements made by the impetuous former president when, in a historic blunder, he consigned the supporters of the Roldosist leader to the category of thieves, prostitutes, and persons of low character.

The deplorable memories of the PRE, Abdala Bucaram himself, and his sister Elsa in the office of the mayor of Guayaquil will work against Abdala Bucaram. Further influence will be exerted by the innumerable political incidents revealing a partisan style that made history in the Congress, and very peculiar statements like those Abdala Bucaram made to the reporters of the Spanish daily EL PAIS concerning Dr. Rodrigo Borja, or those others he submitted for the Armed Forces to consider.

For both men, some segments of their political histories—violent attitudes, unprintable and arrogant language—have heavy negative weight in the minds of the citizens whose votes they must win. Both candidates would be well-served by an electorate with a serious degree of amnesia. But shouldn't a politician's past record be a letter of recommendation for him, rather than a hindrance?

The greatest paradox, however, is the product of the system calling for two rounds of voting. The final vote between the two candidates is extracted from reluctant voters. Sixty percent of them will vote for the less evil of the two choices, or against one candidate or the other. Or they will cast blank votes. Will there be any among them voting for one of the two finalists out of honest conviction? The new president will come to power not because of a pure and unsullied majority favoring him, but under false pretenses. He will come to power thanks to a majority vote that in the final analysis contains a sizable component of opposition.

A second round of voting makes excellent sense given a regime with a strong system of parties that have clearly defined differences. But in this country, it creates a paradox such that it is not possible to elect anything that is, strictly speaking, a majority government. The major influence on how the citizens choose to vote is exerted not by the parties or ideological conviction, but by the personality of the candidate—the image he can create on the television screen, which has taken the place of the public squares or the balconies of yesteryear.

One of the most important elections for the future of Ecuador is going to be the product of this conditioning that television has imposed on popular perceptions, rather than the product of a process of political maturing. The next president will be elected by a "slick" culture, one made more agreeable by entertainment—neither too profound nor excessively clear. It is a culture guided by impressions transmitted by an exciting medium rather than one based on solid reflection. It is a culture suited to the tastes of people who have grown accustomed to soap operas, to information that is fragmented and devoid of any profound memory, and to the prefabricated amusements of the small screen.

Ecuador: Historical 'Divisive' Nature of Center Left Noted

96SM0325C Quito HOY in Spanish 28 May 96

[Commentary by Andres Vallejo: "Objectivity, Not Hypocrisy" — received via Internet]

[FBIS Translated Text] Out of a sense of responsibility to the country, it is necessary to analyze what happened in the most recent elections, objectively and without hypocrisy. To reiterate that in the last election, the voters of the center-left split in order to sponsor or support the candidacy of Freddy Ehlers is to misunderstand history. Unfortunately, this bloc of voters has always been divided, while the right wing has been unified

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

(except in 1992, when there were two candidates in the same sector, and even in the same party). Already prior to 1978, the split in the sector was a historical fact—even when, exceptionally, it became possible to form the Democratic Front, and circumstantially, socialist support developed for the candidate of the Liberal Party, which was regarded as center-leftist in that era. In 1984, the candidates were Rodrigo Borja for the ID [Democratic Left] (he reached the second round), and Julio Cesar Trujillo for the DP [Popular Democracy Party] (he came in next to last. In 1988, Rodrigo Borja tried until the very last to bring about unity with the DP, but that party preferred to launch the candidacy of Jamil Mahuad, who came in fifth. And in 1992, the DP nominated Wladimiro Alvarez, and failed to support Raul Baca, knowing in any case that the ID candidate had a better chance, as the results confirmed. The need imposed by the electoral system to seek the support of sectional candidacies and deputies for the presidential candidate, and the need to maintain identity, almost make this inevitable. This legitimate decision has in all cases been respected by the ID and its leaders, and it did not occur to anybody to accuse those who acted in this way of "crossing over," even if the chances of those who evidenced greater potential were thereby diminished.

Now it has become legitimate and necessary, from every point of view, to seek a real alternative to the candidate of the extreme right wing, and the candidacy of Freddy Ehlers offered the greatest potential, as the electoral results showed, despite the fact that his mistakes and inevitable discrepancies were exaggerated, and those of the others, which are emerging now, were minimized.

To say that the voting sector split without recalling that before Ehlers was nominated, there were already at least three candidates, is to reveal a lack of objectivity. In order to become more objective and to avoid further error, it is a good idea to read the views made public recently by Oswaldo Hurtado in an interview granted to EL COMERCIO on Thursday, 23 May, and by Juan Pablo Moncagatta in an article published in HOY on Tuesday, 21 May.

In order to avoid making that same mistake again, it is necessary to identify the real reasons for an unprecedented development in the political life of Ecuador. Never before this had the campaign of one of the candidates in this sector ever been the source of such aggressive attacks on the other candidates. The use of arguments pertaining to the nationality of Freddy Ehlers' wife, which went unnoticed by anyone when he was successfully directing the press campaign during the Cenepa conflict, did damage, but more the national cause than to the candidate. The effect this might have had—but did not, due to the responsible way in which Ehlers dealt with the subject—could have been the radicalization of the positions of the candidates on the problem with Peru. This was particularly true when matters were carried to the extreme of using a falsified document and attempting to attribute it to the Armed Forces of one of the countries that had signed the Rio de Janeiro Protocol as a guarantor.

The reasons, attitudes, and mistakes involved are not, of course, the exclusive patrimony of any of the parties or social movements in the sector. They must be analyzed and studied more thoroughly if we are to move beyond them and thus prevent the country from finding itself again in the current dilemma, the profound causes of which must be sought in the process of decomposition Ecuador is experiencing.

Ecuador: Moncayo Says Forces 'Unconcerned' About Elections

96SM0325D Quito HOY in Spanish 29 May 96

[Unattributed report: "Armed Forces Unconcerned About Elections" — received via Internet]

[FBIS Translated Text] Guayaquil—The commander in chief of the Ecuadoran Army, General Paco Moncayo Gallegos, said yesterday that calm prevails in the Armed Forces. He made this statement when asked about a possible win by Abdala Bucaram, the Roldosist candidate for the presidency.

He emphasized that there is not nor has there been any concern in that connection in any of the military branches, because "it is the people who will govern in Ecuador."

General Moncayo said he was unaware of the uneasiness that is said to exist in the Ecuadoran Army because of the possibility of a triumph in the election on Sunday, 7 July, by the Roldosist candidate, who over many years has repeatedly been in conflict with the Armed Forces because of his statements.

"The military establishment is perfectly disciplined, and as its commander, I am familiar with the situation in all of the branches of the Army," the general stated.

He indicated that the Ecuadoran Army is wholly dedicated to national defense, and that it is on that task that it should focus all its faculties.

He emphasized that national defense is the reason for the existence of the Army, and he said that Ecuador cannot spend all its time thinking about political problems.

He expressed the view that these impasses occur because efforts are made to involve the Armed Forces in

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the political struggle, whereas there is no reason for this now.

He reiterated that what occurred in the past is something that has nothing to do with the current circumstances in the country and in the Armed Forces.

"We respect and will continue to respect the democratic system," he stressed. He said that the democratic system is not perfect, that it has problems, that we must continue to resolve them and to improve the system, and that the task of the Armed Forces is to cooperate in making democracy more profound and improving it, and to serve as a tool for bringing about the well-being not only of the people of Ecuador but of all of America.

Ecuador: Pachakutik Noncommittal Discussed

96SM0326A Quito HOY in Spanish 29 May 96

[Unattributed article: "Ehlers Speaks for Himself" — received via Internet]

[FBIS Translated Text] The Pachakutik New Country movement has not yet decided what its position regarding the second round of voting will be, and any statement that may have been made to any of its members is unofficial, Marcelo Roman, the alternate to Luis Macas, the elected national deputy, explained.

The Pachakutik movement will hold a national assembly beginning at 0900 hours today to adopt a final decision, Roman said. He hinted that the final position might be to refrain from supporting either of the two candidates for the presidency of the Republic (Nebot and Bucaram).

However, he said that the decision will be made known today, since the views expressed by many individuals representing the widest variety of sectors, such as the energy workers, Indians, ecologists, etc., must be respected.

What is clear for the Pachakutik movement for the time being is that discussions will be held with Nebot and Abdala about the position the new government of the people of Ecuador should adopt.

According to Roman, the New Country movement will set forth some norms, such as the need to convoke a constituent assembly. This is a urgent national need so that a new juridical structure that will support a new country with a vision of equitable distribution of the wealth can be established.

"We are prepared to discuss the political position as a function of the national interests," Roman emphasized. He noted that the statements made by Freddy Ehlers, the former candidate for the presidency of the Republic, are not organic in nature.

"Neither of the current spokesmen has the ability to make a firm pronouncement. Only the movement, meeting in its national assembly, can establish a legitimate position."

Ehlers said that New Country had decided not to support either of the two candidates. Roman did not deny that there were indications both from the PRE [Ecuadoran Roldosist Party] and the Social Christian Party of plans for talks with various of the protagonists, but he said that nothing can be certain until the official results of the discussion by the movement are known.

Ecuador: Nebot, Bucaram on Economic Policies

96SM0326B Quito EL COMERCIO in Spanish 28 May 96

[Unattributed interview with presidential contenders Jaime Nebot, Social Christian Party, and Abdala Bucaram, Ecuadoran Roldosist Party, on 23 and 25 May 96, respectively; place not given: "Welfare Only Strategic Issue: Nebot" — received via Internet]

[FBIS Translated Text] In the course of the talks organized by this daily newspaper, the final candidates who have reached the second round of voting set forth their views on economic issues. Jaime Nebot, the Social Christian, maintained that the productive apparatus cannot tolerate a major economic package. The Roldosist Abdala Bucaram asserted that his government policy will not lead to a lack of confidence on the part of investors.

The economy was one of the concerns of the reporters, editors, and feature writers of this daily newspaper who were present during the interview with the Social Christian candidate last Thursday.

He explained patiently how the economic policy will be managed in order to ensure the well-being of the people of Ecuador, the main issue in his electoral campaign. Jaime Nebot was accompanied by his running mate, Diego Cordovez.

No Big Package Deal

"There monetary, foreign-exchange, credit and managed-price policies must be balanced, because otherwise, overheating of the economy might occur, resulting in the beginning of an inflationary spiral. For this reason, there is a need for integral management of the economy and administration of the state. This will involve a new role for the state, a productive apparatus that must be competitive, and the portion of investment that goes into production and the portion of the resources allocated for social investment.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

"The goal is to reduce inflation in order to bring about economic growth. If I assume presidential office on 10 August, I am not going to order a devaluation. I would be forced to issue such an order only if there were a huge imbalance in the rate of exchange. No such imbalance exists, nor will it between now and August, unless many things have been concealed.

"I am not going to yield to the pressures exerted by the traditional exporters in the hope that their inefficiencies will be corrected by additional sucres. But neither can we do the contrary, as was done in Mexico, with a long-term freezing of the foreign-exchange rate."

"No major package is possible. This could not be tolerated either by the people, or the productive apparatus, or the economy. There must be normal adjustments to the economy."

The Investment Economy

"The relationship among interest rates, capital and inflation must be linked with production and investment. During the first three months of government, steps will be taken to change the speculation economy and to make the investment rules clear.

"First of all, it is necessary to make profound changes in the interest policy. The rates will drop when confidence develops in the country.

"Secondly, it is necessary to restore the needed liquidity, which has been taken away, to the financial system. With confidence, this liquidity will go into investments in better production, and will not be used for speculation. The banks derive no benefit from rising interest rates. The Central Bank policy of money tables will pull the rates upward to anchor the rate of exchange.

"Another way to reduce rates is to promote long-term domestic savings within a policy of reforming the social security system. There is no need to amend the Constitution or the laws in order for the IESS [Ecuadoran Social Security Institute] to place the workers' funds in private banks. The IESS should begin to cover the state debt in a way that does not led to hyperinflation.

"The financial system must be managed with common sense and firmness so as to adapt it to real growth based on solvency and liquidity. There is a great deal of money invested in unproductive assets, and there remains a very broad spread between the active and passive rates. This must be changed through a suitable process and efficient control of the financial system.

"There needs to be a functioning development bank in the country again. The BNF [National Development Bank] and the CFN [National Financing Cooperation] cannot continue to be bodies that do nothing, or that when they do function, do so at rates that are consistent neither with inflation nor with the international cost of money.

"There will be penalties for those who profit from the differences that develop between interest rates."

The Real Price of Gasoline

"I am going to abolish the regulation of fuel prices that has created an unfair, inconvenient, and unconstitutional tax. The price policy must have a base level determined by the cost of production and a ceiling determined by the international price.

"In order to resolve the country's budget problems, it is necessary to stop spending on unnecessary things that are neither investments nor wages. In the health sector, it is not the same thing to have hospitals operating or to build a branch health office in a given province.

"The deficit cannot be resolved by further increases in the rates for energy and fuels and taxes, because the hole in the economy will grow steadily larger until it becomes a grave."

Better Use of Reserves

"Ecuador must work toward a policy of tax collection including prison sentences for evasion. It may be that the tax burden should be revised, but what is decided upon must be paid for by all. At the same time, the courts must be depoliticized.

"It is necessary to obtain foreign credit, but it must be paid off responsibly on the basis of growth. Finally, we cannot carry the image of solidity generated by the monetary reserves to the extreme of not even being able to use them in accordance with the terms established by law to obtain credit to offset short-term deficits."

The Method of Privatization

"The sole justifiable strategy is that which ensures the welfare of the people. This does not mean that the oil, energy, water-power, electrical, and telecommunication sectors should be dismantled, or that the state has nothing to do with this.

"Our modernization plan is based on the Emetel Law. We propose to extend it to all possible sectors.

"This plan links together the interests of the state, which saves resources, and the interests of private enterprise, which invests, manages, generates income, and improves services. In the labor sector, the workers remain in the enterprises, receive training, and can become shareholders in the companies without any type of subsidy, bonus, or grant, with the money coming

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

from domestic and international banks. This scheme is sensible.

"According to the plan, the product of the sale of the assets of the state enterprises will go into the Solidarity Fund."

Independent Supreme Court Judges

"The independence of the various branches of the state—executive, legislative, and judicial—is the basis of democracy. The president of the Republic should not appoint legislators or judges or magistrates, and vice versa.

"Unfortunately, the loss of the nation's values, apart from a few exceptions, has made not only the appointment but the actions of the judges dependent on the Congress, which is the entity responsible for appointing the Supreme Court (CSJ) magistrates.

"The Social Christian Party (PSC) proposed an amendment whereby the Congress would relinquish this authority. It was defeated, because no one in the other political parties wants to give up this faculty.

"This is an issue on which a popular consultation is needed, because it will never be approved by the Congress. But such a consultation must be clear and transparent, free of any smoke screen, as it was for this government.

"While they have no president, the people of Ecuador believe that it is not possible to govern democratically. It is indeed possible, without committing excesses."

Bucaram Promises To Attract Investment

During the interview with the candidate of the Ecuadoran Roldosist Party last Saturday, the representatives of this newspaper discussed economic issues.

But despite Abdala Bucaram's willingness, it was not possible, mainly due to time limitations, to deal with all the questions and issues planned.

Problems involved in his travel from Guayaquil prevented the candidate and his running mate, Rosalia Arteaga, from arriving at the scheduled hour.

In this section, the points that could be dealt with and Bucaram's positions are presented.

Confidence in Investments

"I do not believe that investors lack confidence. And even less with regard to my candidacy."

"A man is what he is. I might doubt the capabilities of someone if I did not know him. But it is hardly likely that an organization (the PRE [Ecuadoran Roldosist Party]) that has 800,000 members and has overcome numerous differences would be made up of incompetent people.

"I am in no way persuaded that there is a lack of confidence in the country, because otherwise the majority would not vote for me. But if I have majority support, it is because there is confidence in the majority of the capitals. I have talked with many businessmen, and I do not see the lack of confidence about which there is talk."

State Planning on Debt

"Ecuador has not had a state policy on the foreign-debt issue. It has only had government policies that have suited certain groups.

"What plans has the state had to buy back part of its debt? And what plans has the state and its governments had to reduce the nominal value of the debt? None. They failed to follow the example of Mexico, Peru, and Argentina. We are the country that spends the highest percentage of its budget to cover interest on the foreign debt.

"Lending money to pay interest is not, I believe, the intention of any foreign bank, or in bilateral relations, or worse still, of any government.

"There is an amoral aspect to the handling of the foreign debt. The object is to be able to pay interest and ensure a profit for those who have lent money with state guarantees. They profited from the "sucretization" and now they control the debt itself. This has created a vicious circle.

"If one treatment obtains for other countries, I see no reason why it should not apply to Ecuador. When the governments in office have gone to the negotiating table, they have got down on their knees.

"The philosophy of a government must be determined as a function of dealing with the foreign debt. It is necessary to develop a new concept of sovereignty that allows independence in maintaining relations with the entire world.

"And when there has been no decision to pay, this may lead to psychological limitations or restrictions, or worse still, material limitations on development."

The Budget Issue

"I do not believe that the problem of the state budget centers on the issue of payment of the foreign debt alone.

"In these recent years, Ecuador has not had a firm executive branch governing and directing it. The prelude

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

to disaster has not occurred in any country in the world. Nations are self-sufficient enough to generate their own antibodies through the development of their economies.

"The possibility of renegotiation will always exist. But to bring this about, it is important to be in government. It is a question of attitude."

Serious Customs Efforts

"I regret that mistakes have been made concerning the alleged effectiveness of the efforts made by the current government in the customs sector to reduce smuggling.

"I realize that in reality, the government has made a noble effort and that there has been an extraordinary determination to modernize the system. However, I can guarantee that there is more smuggling than there was before.

"A simple fact serves to make the argument. It is no longer the customs appraiser or the chief inspector who is involved. Today arrangements are made with the inspectors for $7,000, which is what it costs to get a container past customs without paying the charges.

"The problem in the customs service is the more critical because it involves the moral situation of society. Two of the greatest evils in the development model were, first of all, the false industry, and secondly, the customs problem itself.

"I believe that the controls are good. But I do not believe that the service has been headed by the most capable men. In short, President Duran Ballen was wrong when he set the fox to guard the chickens. The results of the procedure followed by Sixto Duran Ballen have been bad, because the operations are being handled today by the inspectors.

"Their attitude is not serious, since they were hired without having any real experience. They are people who have no history, when what is needed first and foremost is great capability."

A New Currency?

"The theory calling for the creation of a new currency was something imposed by the program front of the party. It dates back to the year 1988, when the intention was to revalue the currency. This thinking was converted into a plan to create a new currency. I doubt that it will succeed.

"It was concerning the establishment of a half price for articles of first necessity that I talked with the businessmen who manage the major food distribution centers.

"When I encouraged and persuaded Roldos to launch the "Roldos Delivers" milk project, this product was sold at six rather than twelve sucres—precisely half. We continued this practice until his death, working with the pasteurizing enterprises.

"This is a completely viable project that involves a given percentage of the sale price in the private sector.

"This "sacrifice quota" is to be found routinely in other countries. In Washington, a fair is held every 20 or 30 days to put products of first necessity on sale.

"This has not been an isolated view, but rather a concerted action undertaken with the private businessmen, who control more than 80 percent of the national production."

The Supreme Court

"If I have challenged anything, it is the shield of impunity provided by the political regime to the benefit of the politicians and those who direct the economy. We could say that Ecuador does not have a Palace of Justice, but rather a Palace of Currency.

"According to the Constitution, there should be a proportional distribution of judicial power among the political forces. And the idea was that by politicizing the justice system, it could be depoliticized. With equitable distribution, no one could be in control or have the power to dictate the decisions of the leading magistrates.

"This norm has not been observed, although it was ethical and should have been implemented by the Congress and the other political forces. It is not my organization, but the PSC, that is responsible for the undivided control of the judicial function.

"This is an issue on which I will try to develop a consensus, gathering up the program ideas of the other parties that tend toward the center left.

"We are urging that on 10 August, the Congress adopt a plan for the total reorganization of the CSJ based on a new process for appointing judges."

Paraguay

Paraguay: Oviedo Says Wasmosy Mulled 'Self-Inflicted Coup'

PY0506192796 Asuncion ULTIMA HORA in Spanish 5 Jun 96 p 3

[FBIS Translated Text] Former Army Commander Lino Cesar Oviedo asserted this morning that not for one moment had he refused to obey President Juan Carlos Wasmosy's decision to relieve him of his command. Oviedo claimed that the head of state suggested to him

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

that they should stage a-"[Peruvian President Alberto] Fujimori-style" self-inflicted coup or that Oviedo should preside over a military junta "based on the model designed by [Chilean former dictator General Augusto] Pinochet."

In this long-drawn-out testimony, Oviedo said that on 22 April at 0645, President Wasmosy telephoned him to ask what he was doing. Oviedo told the head of state that he was about to preside over a ceremony in which the 3d Army Corps conscripts were going to be discharged. They subsequently agreed to meet at Government House.

According to the account Oviedo gave to the members of the Congressional Investigating Committee, the former Army commander had no sooner arrived at Lopez Palace at 0755 than the chief executive confided family problems to Oviedo. Wasmosy also told the former Army commander about the difficult relations he had with Congress and labeled congressmen as "inept, corrupt, and fond of bribes, who hampered his task of ruling the country." At some point in his account, Oviedo said that the head of state told him that it cost him dearly to have laws enacted by Congress, thus hinting at the fact that he had bought some lawmakers off.

Oviedo added: "The president complained that I have also betrayed him together with the pro-Oviedo and pro-[Blas] Riquelme senators, whom Wasmosy reproached for not having passed the Bonds Bill and the Bill providing for the building of a bridge spanning the Parana River at Presidente Franco. Wasmosy went on to say that it had come to his knowledge that I, in my capacity as Army commander, I did not get on well with the commanders of the Navy and the Air Force."

The former commander further stated: "Wasmosy then suggested to me that we should dissolve Congress in a Fujimori-style coup, because that was the only way in which we could undertake investment projects and once the public was content we would have enough support to draft a new constitution and, pursuant to this, to have a new judiciary."

Oviedo pointed out that he had never refused for a minute to obey the president's order to relieve him of his command because this order did not stipulate the place or the date he was supposed to hand over his command, and that this is what he had told the Congress president and opposition politicians.

Paraguay: Oviedo Gives Deposition Before Congress

PY0606040996 Asuncion Red Nacional de Television in Spanish 2350 GMT 5 Jun 96

[FBIS Translated Excerpt] In the aftermath of the military crisis that erupted in Paraguay in April, matters have taken an unexpected turn. Serious accusations have been lodged against President Juan Carlos Wasmosy by one of the persons who was directly involved in this crisis; namely, General Lino Cesar Oviedo, retired. In the course of his deposition before the Congressional Investigating Committee [CBI] this morning, the former Army commander gave details about the serious events that embroiled our country in a turmoil and caused commotion in the community of nations.

The retired general avowed before the CBI that before ordering that Oviedo should be relieved of his command, President Wasmosy had suggested to the former Army commander that they dissolve Congress, lead a coup d'etat, and establish a military junta to rule the country.

Oviedo, the leading protagonist of the coup attempt on 22-23 April, appeared before the CBI this morning, obeying its summons in order to give his version of what happened in Paraguay during the military crisis, the background and causes of his insubordination, which was prompted by the president's order relieving him of his command. The former Army commander, accompanied by a group of fans outside the Congress building and several advisers inside Congress, stated that the chief executive not only heaped abuses on congressmen and the comptroller general but also made some suggestions to him. Furthermore, Oviedo revealed that the head of state disclosed to him a plan to dissolve Congress, stage a self-inflicted coup, and emerge victorious in the Colorado Party elections, thus defeating the ticket comprising [Luis Maria] Argana-[Juan Bautista] Ibanez. The most serious charge Oviedo leveled against Wasmosy was the latter's scheme to dissolve Congress, emulating the self-inflicted coup staged by Peruvian President Alberto Fujimori. [passage on previously filed item omitted]

Having stated that he was peacefully resting at his residence in the military compound at the 1st Cavalry Division while the international community was taking action to prevent the disruption of the democratic process in Paraguay, he assured the congressmen sitting on the CBI that he had never made preparations to stage a coup d'etat, thus hinting at the fact that everybody in Paraguay was wrong in thinking that he was planning to overthrow the government.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Oviedo further reported that nothing whatsoever happened on 22 and 23 April except in the unbalanced imagination of those who thought that democracy was on the brink of collapse. Oviedo said:

[Begin recording] It is clear and categorical that the Army was not involved in any preparations whatsoever to stage a coup d'etat or a self-inflicted coup. There are 15,000 men who can testify to this. I have already told you that the president of the Republic had two plans in mind — either to stage a self-inflicted coup or resign the Presidency. This is why I called [former President] General [Andres] Rodriguez. I did not accept either of his two proposals. This is all I can tell you. Moreover, the Congress president was calling the president from his office. There were constant comings and goings at my residence. Still, the head of state was firm in his resolution, which he had suggested that morning... From the moment I took over the Army command, I have never ever confined my troops to barracks or issued mobilization orders. [end recording]

In addition, Oviedo said that he had never demanded Wasmosy's resignation as a solution to the crisis hitting the country in April. He contended that it was Wasmosy himself who offered, through several emissaries, his resignation as an honorable way out. Oviedo said:

[Begin recording] At approximately 2230, [Congress President Milciades Rafael] Casabianca came to my home once again accompanied by Ramon Gimenez Gaona [an engineer and businessman who is a friend of Wasmosy's]. I invited them in. We had a talk. They told me that the president of the Republic wanted to resign. I told them that the head of state had already shared that with me at Government House in the morning. I told my visitors that they had to discuss that with Vice President [Angel Roberto] Seifart and inform political party authorities about that. Casabianca answered that he could inform the authorities of the National Encounter Alliance and the Liberal Party and asked me whether I was willing to talk to the Colorado Party authorities and the vice president. I answered that I would endorse any proposal that respects the constitutional order and that I wanted to have reliable [preceding word stressed] information about Wasmosy's resignation so as to then hold discussions with the interested parties. [end recording]

In order to corroborate his argument, Oviedo submitted to the CBI chairman a document in which the head of state allegedly requested an indefinite leave. CBI Chairman Blas Antonio Llano then read the note allegedly signed by Wasmosy in which he requested a leave of absence. He said:

[Begin recording] In order to prevent the shedding of innocent blood and to allow a period of reflection for all the persons involved in the present crisis, I request a temporary leave from my position of constitutional president of the Republic of Paraguay, devolving my duties to the national Congress. And the signature here is that of President Wasmosy. [end recording] [passage omitted]

Following the serious allegations made by Oviedo, congressmen and the public await a response by the president of the Republic.

Paraguay: Preventive Detention of Port Director Ordered

PY0606025396 Asuncion ULTIMA HORA in Spanish 4 Jun 96 p 16

[FBIS Translated Excerpt] The National Police received an order signed by Criminal Judge Jorge Bogarin instructing them to arrest Port Authority [ANNP] Director [and former Colorado Party president] Eugenio Sanabria Cantero, who has been accused of being the mastermind behind the over-invoicing of the property the ANNP purchased in the city of Presidente Franco.

Sanabria Cantero, who has headed the ANNP since August 1993, is currently on leave. According to the judicial order, he must be taken to Tacumbu National Penitentiary, where he will be held in custody, although not incommunicado, and placed at the disposal of the criminal courts.

Sanabria Cantero is the second person who will face trial while behind bars; Julio Argentino Zabala, a notary public, has also been arrested on charges of having notarized the dishonest scheme, which depleted the nation's coffers to the tune of more than 16 billion guaranies. [passage omitted]

In the introduction of the order commanding Sanabria Cantero's arrest, Judge Bogarin points out that as things stand in the pre-trial inquest, there has been due compliance with the requirements provided for in Article 337 of the Code of Criminal Procedure, which pertain to half proof of the commission of the crimes of embezzlement, fraud, and swindling in cases of criminal conspiracy, as charged by the Office of the Prosecutor General. [passage omitted]

[Asuncion RPC Television Network in Spanish at 2350 GMT on 5 June adds the following: "Judge Jorge Bogarin Gonzalez is awaiting a police report informing him about the whereabouts of Sanabria Cantero in order to issue a search and arrest order to allow the police to take the Port Authority director into custody."]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Peru

Peru: Congress Says Fujimori's Reelection Under Study

PY0606015096 Lima EXPRESO in Spanish 5 Jun 96 p A4

[FBIS Translated Text] Peruvian Congress President Martha Chavez stated yesterday that President Alberto Fujimori's reelection to another term as president is being analyzed by a commission and will be submitted for debate if it is thus proposed by some congressmen. Although she said that, from her point of view, it is not "technically" possible, Chavez said that the issue is "debatable and controversial," and there are opinions, including those of opposition congressmen, who consider that a second reelection is possible.

She warned that as Congress president, it is not appropriate for her to discuss the issue, although she did not rule out a debate on the matter.

Without revealing which commission (party or legislative) is studying the matter, Chavez said that a constitutional interpretation is appropriate on the matter. "I have not said that it is not possible. From my point of view, it is not technically possible; nevertheless, there are opinions from several people who say that it is possible."

The Congress president referred to this subject after submitting her bill on the electoral code to the Congress Constitutional Commission. In remarks to the press, she questioned the restrictions prompted by the National Election Board (JNE) against the presidential hopeful, stating that if this initiative is accepted, it must also include the congressmen, mayors, and councilmen who will run for reelection.

Moreover, referring to her probable reelection as Congress president, Chavez said that she will accept it "only if my group (Change 90-New Majority) asks me to run."

Peru: Minister, Reserve Bank Head Sign Letter of Intent

PY0606015296 Lima EL COMERCIO in Spanish 5 Jun 96 p E1

[FBIS Translated Text] At the Economy Ministry, Minister Jorge Camet and Central Reserve Bank [BCR] President German Suarez yesterday signed the Memorandum on Economic and Financial Policies of the Peruvian Government, which is better known as the Letter of Intent.

Minister Camet said that the memorandum is, for all practical purposes, the medium-term Peruvian economic program for the 1996-98 period. He added that this document is the basis for the signing of an expanded feasibility agreement with the IMF for that period. This agreement must be approved by the beinning of July 1996.

Camet said that this agreement seeks to attain a growth rate of 6 percent or more in 1998, to increase employment, and to reduce poverty.

He added that this program seeks to motivate the private sector to make more savings and investments. He added that it also seeks to increase exports and international reserves.

He went on to say that the agreement will also help us hold a meeting with the Paris Club (industrialized creditor countries) and, to the extent possible, refinance the current debt to this group of nations.

He added that this agreement will also contribute to the conclusion of an accord with foreign creditor banks, which will make easier the access to longer-term loans and a reduction of the interest rates of credits in general.

While speaking on the matter, Camet ruled out the possibility that the signing of this agreement may imply an economic adjustment.

He said: "The economic adjustment was already made the previous year because growth had been too high before, and now we are facing a later stage." Camet added that this memorandum is a guarantee that the main guidelines of the economic program will be maintained.

Concerning the use of resources resulting from the privatization of state-owned companies for the payment of the foreign debt, the minister said that it would demand amending the law that restricts the use of this money to reducing poverty and to attaining peace.

We must say, however, that several economic analysts claim that the inclusion of the privatization resources in the chapter "Financing the Public Sector" in the economic policy memorumdum prepared with the IMF proves that those resources will be earmarked for, among other obligations, the payment of the foreign debt.

Moreover, Camet said that a possible increase in salaries of the public sector will depend on the improvement of the fiscal cash-flow, which also depends on an increase in revenues.

"Revenues will increase, but do not ask me when or how much," Camet said.

He added that the government agrees with Camdessus that the amount demanded for payment of the state

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

payroll is very high as compared to the level of revenues.

Thus, he said, the number of public employees will have to be reduced gradually, although he declined to give further details on the objective.

He concluded by saying that public expenditures will not be reduced by 32 percent, as reported by a foreign investment bank, but to much lower levels.

Peru: Japanese Red Army Suspect Expelled, Escorted Out

PY0606033296 Madrid EFE in Spanish 0157 GMT 6 Jun 96

[FBIS Translated Excerpt] Lima, 5 Jun (EFE) — The presumed Japanese terrorist Kazue Yoshimura left today for Japan escorted by two Japanese police agents, after being expelled from Peru for having violated Peruvian immigration laws.

Yoshimura left aboard a commercial plane bound for Amsterdam, the Netherlands, where she will be met by another group of Japanese policemen, who will join those who left Lima today, to take her to Tokyo. [passage omitted]

Uruguay

Uruguay: Journalists Ruling Said Threat to Free Expression

PY0606032796 Montevideo EL OBSERVADOR in Spanish 27 May 96 p 2

[Editorial: "A Freedom at Stake"]

[FBIS Translated Text] The trial that ended with a two-year prison sentence for the director of the daily LA REPUBLICA, Federico Fasano, and the chief editor, his brother Carlos, distorts the generally accepted concepts regarding the exercise of freedom of the press in our country.

The consequences of this ruling go beyond this specific case and affect — without exception — all sectors of the Uruguayan media and the rest of society, because freedom of expression, one of the basic rights of a democratic society, is at stake. We recovered the right to fully exercise freedom of expression when we restored democracy, but we must strive to preserve this right on a daily basis. EL OBSERVADOR's great differences with LA REPUBLICA over the ways of practicing journalism become unimportant in light of the repercussions of the aforementioned ruling.

Two things must be pointed out about this ruling. In the first place, there is no doubt that Judge Zulma Casanova's decision is based on legal provisions that, unfortunately, are still in force in our country and must be respected. Therefore, she could hardly have overlooked the law in issuing her ruling. However, precisely because of this, we need to urgently amend Article 138 of our Penal Code, something which should have been done long ago, eliminating what refers to the honor of heads of state and representatives of other countries crimes against whom this article punishes severely. As long as this provision remains in force, freedom of expression — a permanent right of society, with the only restriction that it not trespass other freedoms and rights with falsehoods and calumnies — is potentially but seriously threatened.

The second thing that should be pointed out is the fact that Judge Casanova did not allow the defense to present evidence to substantiate its allegations. As the defense maintains, if there is evidence, it should have been allowed to present it. In this regard, the principle is exactly the opposite to what the judge upheld in her ruling. Unless there is an express disposition to the contrary, as in the case of slander and libel, the defense should always be allowed to present evidence. Moreover, accepting the existence of evidence and allowing the defense to present it would have helped determine the duty every journalist has to investigate, as well as to correctly establish the conscience and will that the penal law demand to determine responsibilities.

In view of the aforementioned, we believe that the lower court ruling should be revoked for having excluded the right to present evidence to uphold the truth. And, on the other hand, it would be a good thing to urgently review our laws currently in force to avoid future threats to freedom of expression (that may even represent a setback in the country's international image) and, simultaneously, to ensure that the right to honor be equal for foreign heads of state and Uruguayan citizens alike.

Uruguay: Argentina Said To Fear Introduction of Muslim Arms

PY0606033096 Montevideo EL PAIS in Spanish 30 May 96 p 1

[Report by correspondent Luis Alberto Perez]

[FBIS Translated Text] Salto — In keeping with a possibility of Muslim commandos attempting to introduce arms [into Argentina] from Uruguayan territory, Argentine personnel yesterday implemented, on the international bridge that rests on the hydroelectric dam, the tightest security operation reported over the past few years. Argentine personnel acknowledged that the operation had been ordered by the Argentine intelligence services, which, based on reports supplied by Israel's

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Mossad, were expecting the entry of arms and explosives for future attacks on Jewish targets.

Since the afternoon of 29 May, all the vehicles crossing the binational hydroelectric dam, including all types of containers in transit, and passenger identity papers have been thoroughly checked.

During an uneventful day, neighbors were extremely surprised by the massive presence on the Argentine side of National Border Police and plainclothesmen, who were opening up and subsequenly closing the containers after the respective approvals.

As this edition went to press, the measures were still being thoroughly implemented.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.